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ECONOMIC AFFAIRS

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22 January 1986

CHINA REPORT ECONOMIC AFFAIRS

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NATIONAL POLICY AND ISSUES

PRC STRENGTHENS ECONOMIC TIES AMONG REGIONS

OW242100 Beijing XINHUA Domestic Service in Chinese 1157 GMT 24 Dec 85

[By reporter Xu Yaozhong]

[Excerpts] Beijing, 24 Dec (XINHUA)--Following the rapid development of economic and technical cooperation and integration among various districts and departments, a new multichannel, multilevel, and multiform pattern of economic associated operations is taking shape in China. People in the economic circles said: The strengthening of economic ties among various enterprises and regions constitutes a significant change in China's economic sphere during the Sixth 5-Year Plan period as well as an important sign in China's flourishing economy.

According to incomplete statistics compiled for the first 10 months this year, a total of 35,000 projects for economic and technical cooperation have been completed in the whole country, doubling the number of similar projects completed in all of 1984. About 80 percent of these projects have been completed very well with investments totaling six billion yuan.

Looking back at the economic and technical cooperation among various districts and departments this year, we can clearly see the following five new tendencies in effecting economic ties among various enterprises and regions in our country:

--Economic and technical integration and cooperation have been strengthened among various regions. Economic integration and cooperation ties are formed among regions on the basis of economic relations established because of either geographical or historical reasons.

--The number of economic associations is increasing rapidly. Primarily, these belong to three categories. The first category includes urban economic associations. For example, Shenyang, Banxi, Fushun, Liaoyang, Tieling, Anshan, and Dandong cities in Liaoning have formed an Economic Association with the city of Shenyang as the center. The second category includes the Economic Association formed between urban and rural areas. For example, the number of such associations formed by enterprises in rural and urban areas has increased to 47 in Changzhou City since the beginning of this year. The number of enterprises in the city that have carried out associated operations has reached 344, of which 220 enterprises are run by suburban areas, counties,

townships, and villages. The third category includes the Economic Association formed by various enterprises.

--Technical cooperation has become the major form of economic cooperation. In this year's economic and technical cooperation projects, the percentage of technical cooperation projects has increased from last year's 40 percent to this year's 60 percent. The number of technical cooperation projects has reached 19,000.

--Bilateral aid relations between one locality and another have been further strengthened. Since the beginning of this year, significant achievements have been made by nine provinces and cities including Jiangsu, Tianjin, Shanghai, and Zhejiang and the relevant departments of the State Council in developing 43 engineering projects to aid Xizang in construction.

--The military industry has quickened its pace in transferring its technology to civilian industries. According to statistics compiled in the first half of 1985, the various departments and enterprises under the defense industry have made arrangements to transfer technology to civilian industries on more than 20,000 occasions. The total volume of business transactions reached 700 million yuan. Right now, the products for civilian use turned out by the enterprises of the military industry have already accounted for 40 percent of the total output value of these enterprises.

The aforementioned new tendencies in China in strengthening economic ties among various enterprises and regions will help the various districts and enterprises exploit their advantages and avoid their drawbacks and bring their favorable conditions into full play; make rational use of manpower as well as the material, financial and social resources; and promote technical progress and do a good job in readjusting the product mix.

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NATIONAL POLICY AND ISSUES

PRC JOURNAL ON OPENING ECONOMY TO OUTSIDE WORLD

HK261324 Beijing SHIJIE JINGJI in Chinese No 10, 10 Oct 85 pp 1-7

[Article by Teng Weizao [3326 4850 5679] and Zheng Weimin [6774 0251 3046]:
"The Internal and External Bases for Opening the Economy to the Outside
World"]

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, China has made unprecedentedly rapid development in its research on the world economy. With the party's work focus being shifted to socialist modernization, it is all the more urgent to make a study of the experiences and lessons in the construction of various countries in the world in line with China's economic construction. After analyzing and summing up both the positive and negative experiences in socialist construction in China and other countries, the CPC Central Committee drew up the policy of enlivening the domestic economy and opening up to the outside world. This has an important bearing on ensuring the smooth carrying out of China's economic structural reform and on building socialism with Chinese characteristics.

Comrade Deng Xiaoping said: "While working out the policy of enlivening the domestic economy, we also suggested opening the economy to the outside world. We have summed up historical experiences. An important reason why China has been in a state of stagnation and backwardness is that we closed the country to the outside world. Facts have proved that it will not do to carry out construction behind closed doors and that the development of China cannot be divorced from that of the world." (Footnote 1) (Deng Xiaoping: "Building Socialism with Chinese Characteristics," p 50)

What are the theoretical bases for opening up to the outside world? In the present world economic structure, what should China base itself on when participating in the international division of labor and exploring the world market? Answering these questions scientifically has important theoretical significance as well as practical bearing on building China's modernization drive.

Opening to the Outside World is the Objective Requirement of the Internationalization of our Economic Life

The process of modern history has proved that with the rapid growth of the social productive forces and the formation and development of the world market

and the world economy, socialized production will go beyond one country and obtain the form of internationalization, and the internationalization of economic life will increase. In 1840's, Marx and Engels pointed out: "With the exploration of the world market by the bourgeoisie, the production and consumption of all countries have become worldwide." (Footnote 2) (Marx and Engels: "Manifesto of the Communist Party," p 27) Stalin also said: "In the development of capitalism, a trend had already emerged as early as in the last century: the mode of production and the mode of exchange were being internationalized, national closed-doorism was being eliminated, various nationalities were beginning to come closer in the economic field, and the vast expanse of land was becoming a mutually-related entity." (Footnote 3) ("Collected Works of Stalin," Vol 5, p 149) Between the late 19th century and the early 20th century, capitalism developed into monopoly capitalism and the rule by monetary capital was expanded into every region and every corner of the world. Capitalism became a world structure of colonial oppression and monetary control embracing a large number of colonies and dependent countries. Thus, the world economic structure in which the capitalist production mode occupies a dominant position finally came into being. Before World War I, the world economy referred to by people was in fact the world capitalist economy, as there was not a single socialist country at that time. So the world capitalist economic structure was an all-inclusive world economic structure. Corresponding to this, capitalist production relations and international economic relationships constituted main body of the world economy at that time, and capitalist economic law played its role in the whole world economic sphere.

After World War I, the first socialist country--the Soviet Union--arose in the world. Thenceforth, the world economy has no longer been synonymous with the world capitalist economy, as it also includes the socialist economy. Although the socialist economic structure did not account for a large percentage in the world economic structure, great changes took place in the quality, content, and composition of the world economy. In the meantime, international economic relationships also changed to a large extent in terms of quality, content, and composition. In the world economy, apart from capitalist economic law, which still played its role in the world economic sphere, socialist economic law began to play its role in a certain field. During this period, apart from embracing the relationships between capitalist countries themselves and the relationships between imperialist countries and colonies and dependent countries, international economic relationships began to reflect the relationships between the socialist country and the countries where capitalist production relations occupied a dominant position.

The transition from the world capitalist economic structure to the world economic structure in which the capitalist and socialist economic structures simultaneously exist suggests that the world economy is entering a transitional historical period. In other words, it is entering a long historical period in which the two antagonistic economic structures coexist and the socialist economic structure will gradually expand, turn into a world economic structure, and finally replace the world capitalist economic structure.

As people are aware, rapid changes took place in the world political and economic situations after the end of World War II. With China and a [word indistinct] of Eurasian countries having freed themselves from the world capitalist economic structure and embarked on the socialist road of development, the socialist economic structure began to develop from one country to the world, initially forming a worldwide socialist economic structure. The role of socialist economic law began to expand whereas the position of the capitalist economic structure in the world economy began to drop. In addition, a large number of colonies and dependent countries gained political independence and became developing countries after shaking off the colonial yoke. The disintegration of the colonial system was a severe attack to the imperialist countries. Although the world economy was still in a transitional period, a new change took place in its structure, various economic forces began to reorganize, and different social and economic systems and the international economic relationships between different countries became more complicated. During this historical period, the nature of the international economic relationships between socialist countries themselves and between socialist countries and developing countries was different from the nature of the international economic relationships between capitalist countries themselves and between capitalist countries and developing countries. Thus, the present world economic structure has become one consisting of both the capitalist and socialist economic systems and embracing the international division of labor between capitalist, socialist, and developing countries and the integration of various markets in the world.

Since the end of World War II, the development of the world economy and the increasing internationalization of production and capital have promoted the development of production, expanded the demands of the market, and brought closer the mutual relationships between various types of countries, and in particular between developed capitalist countries, in terms of production, circulation, consumption, and distribution. The international circulation of capital, commodities, labor service, and the labor force between capitalist countries has expanded. International specialization and cooperation in production have rapidly developed. The strengthening of international division of work needs to rely more on the world market. The above development process has manifested itself in the intertwining of the reproduction process in capitalist countries and the strengthening of economic mutual reliance among these countries. From the 1950's to the early 1970's, the economies of capitalist countries underwent a rapid development period for as long as 20 years. During this period, although the economic development of capitalist countries was interrupted by economic crises several times, most capitalist countries, including the United States, could maintain high economic growth rates rarely seen in the history of capitalist development, and unprecedented development was also noticed in their GNP's, industrial production, foreign trade, and foreign investment.

From 1951 to 1973, developed capitalist countries registered an average 5 percent annual increase in their GNP's, and their gross industrial output value rose by 5.6 percent annually on the average. Not only did these rates far exceed the average annual increase rates before World War II, but they also surpassed the high annual increase rates during the 1890-1913 period.

Take the GNP's of some developed capitalist countries as an example. In 1970, the United States' GNP amounted to \$1,361.1 billion, Japan's increased from tens of billions in the early 1950's to \$393.2 billion, and the FRG's also rapidly rose to \$379.5 billion.

On the basis of the rapid development of production, developed capitalist countries also witnessed rapid growth in their foreign trade after the end of World War II. From the mid-1950's to 1973, the export trade volumes of the United States, the EEC, and Japan registered average annual increases of 6 percent, 8.8 percent, and 14.9 percent respectively. During this period, world trade rose at an average annual rate of 8 percent. These high growth rates resulted from increases in trade between the developed capitalist countries.

The scale of capital exports of developed capitalist countries also rapidly expanded. The capital exports of developed capitalist countries amounted to \$51 billion in 1945, more than the total sum of capital exports of the main capitalist countries in 1914. In the 30 years between World War I and World War II, the average annual increase rate of capital exports of the developed capitalist countries did not even amount to 1 percent. But from 1945 to the early 1970's, the total sum of capital exports of the developed capitalist countries went up from \$51 billion to \$500 billion. In 1973, the direct foreign investment made by the transnational companies of these countries amounted to \$287.2 billion.

The rapid increases in world trade and international investment as well as the increasing intimacy of international economic relationships are the manifestations of the strengthening of the internationalization of production and economic life. The strengthening of the internationalization of production has manifested itself in the following aspects:

1. The mutual relationships between various countries, and in particular between the developed capitalist countries (such [as] the EEC countries), are becoming closer and closer in their social reproduction process. In addition, the division of labor between transnational companies is becoming more and more specific and production is being carried out in a more and more specialized way. The international production of transnational companies has been formed and is developing on the basis of the modern international division of labor. The international production of transnational companies produces an impact not only on the economic and market structures of the capitalist world, but also on the reproduction process of the social capital of various countries, thus strengthening the mutual economic reliance among various countries and the international division of labor.
2. The proportion of the import and export trade volumes of various countries to their GNP's has tended upward. In 1970, the proportion of the export volume of the United States to its GNP was 4.3 percent, the FRG 18.5 percent, Britain 15.8 percent, Italy 14.2 percent, France 12.8 percent, Canada 19.6 percent, and Japan 9.5 percent; and in 1980, they increased to 8.2 percent, 23.5 percent, 22.1 percent, 19.7 percent, 17.7 percent, 26.1 percent, and 12.5 percent, respectively. During the same period, the proportions of the

export volumes of these countries to their material production increased from 14.3 percent, 43.3 percent, 50.4 percent, 41.8 percent, 30.6 percent, 70.5 percent, and 22.1 percent to 28.9 percent, 65.6 percent, 78.3 percent, 55.1 percent, 57.1 percent, 87.6 percent, and 36.1 percent, respectively. In 1983, the proportion of the United States' export volume to its GNP dropped to 5.9 percent. In comparison with the export volumes of other capitalist countries, the proportion the United States' export volume to its GNP is small. But this does not mean that the influence and role of the United States' national economy are not great; the proportion is small because the United States has a large domestic market. Moreover, although the proportion is small, its export trade volume is larger than that of any developed capitalist country. In 1983, the United States' export trade volume exceeded \$450 billion. The United States' export trade volume accounts for 13 percent of the world export trade volume, ranking first in the world. U.S. exports account for 25 percent of its commodity production and 25 percent of its agricultural production. In the manufacturing industry, about one out of eight employees works for its export trade. So it is obvious that foreign trade plays a very important role in the development of the U.S. economy.

In 1984, world trade hit a record high of \$1,955 billion. That such a huge figure was attained in world trade in only 40 years' time after the end of the World War II could not have been expected during the early post war period.

3. There has been rapid growth in foreign investment, and in direct foreign investment in particular. The total sum of direct foreign investment by developed capitalist countries was \$66 billion in 1960 and rose to \$497 billion in 1980. During this period, direct foreign investment by the United States increased from \$32.8 billion to \$215.6 billion, that by Britain from \$10.8 billion to \$74.2 billion, Japan from \$500 million to \$37.1 billion, and the FRG from \$800 million to \$37.6 billion. Of their direct foreign investment 90 percent was made through transnational companies. According to statistics compiled by the UN Center for Transnational Corporations, in 1980 the 350 largest transnational corporations of Western countries had 25,000 branch and subbranch companies in foreign countries, with a sales volume of \$2,635 billion, 28 percent of the then GNP's of the capitalist countries the world over and larger than the then GNP of the United States. Moreover, the proportion of the foreign sales volume of transnational companies to their total sales volume grew larger. It was 30 percent in 1970 and rose to 40 percent in 1980. The above economic development trend in developed capitalist countries indicates the rapid growth in their cooperation, multilateral trade, and mutual investment after the end of World War II. It also suggests that the economic exchanges and economic relationships between the developed capitalist countries and developing and socialist countries were closer than expected.

During the above period, the economic growth rates of the developing and socialist countries were faster than those of the capitalist countries. Take as an example the proportion of the increased value of manufacturing industries of various types of countries to that of the world manufacturing industry from 1963 to 1983 (calculated on the basis of 1975 fixed prices). The proportion of the increased value of developing countries rose from 8.1 percent in 1963 to 11 percent in 1982 and of the Soviet Union and East European

countries from 14.6 percent to 25 percent, whereas the proportion of the increased value of developed capitalist countries dropped from 77.3 percent to 64 percent. Although the developed capitalist countries proportion dropped, they still played a leading role in world industrial production. The situation in world trade was similar to this. In short, during this period, following the rapid development of the productive forces, world trade was faster than that in world production. On the basis of the rapid growth of production, trade, and investment, the economic relationships between various types of countries and the relationships between the world economy and the economies of various countries were becoming closer.

From the development process of the world economy in the postwar period, we know that there is a trend toward stagnation and decadence in modern monopoly capitalism, which hampers the development of production and technology. But such a trend cannot permanently hamper the development of the productive forces, cannot permanently hinder the process of the internationalization of production and economic life brought about by the rapid growth of the productive forces and the technological revolution, and therefore cannot permanently obstruct the expansion and strengthening of the international economic relationships between countries of different economic systems. The increasing internationalization of production and economic life has engaged all countries--capitalist, developing, and socialist--in a close world economic network. Today, no country in the world, be it a country with the largest territory, the richest natural resources, or the most powerful economic strength, can carry out economic construction behind closed doors or by separating itself from the world economy. Each country must adapt itself to the development of the social productive forces and to the strengthening of the internationalization of production and economic life, energetically develop commodity production and commodity exchange, and open its economy to the world. Closing one's country to the world runs counter to objective economic laws. It will only exclude one's country from the objectively open world economy, the international division of labor, and the world market. Therefore, each country must open its economy to the world. This is the objective requirement of the development of the modern productive forces and the internationalization of economic life.

Energetically Developing the Commodity Economy Is the Internal Basis for Opening the Economy to the World

When we say that each country should adapt itself to the requirements of the internationalization of economic life and open its economy to the world, we deal only with one aspect of this problem. Recently, newspapers and magazines have published quite a number of articles explaining the bases for opening our country to the world. Some comrades say that the internationalization of economic life is the basis for opening up to the world, others say that the international division of labor is the basis for opening up the world, and still others say that the development of the internationalization of production, markets, technology, capital, and the exchanges of personnel and information requires all countries to open up to the world. The above views reflect the actual development of the world economy since the end of World War II. Although their approaches to this problem are different from each other,

their aims are more or less the same. For example, they interpret the internationalization of economic life as the internationalization of various factors including production, exchange, distribution, and consumption. Many comrades say that the increasing internationalization of economic life is the basis for opening up to the world. Undoubtedly, this viewpoint is correct. However, it will be imperfect in theory if we do not develop our analysis of this problem, as people will say that before World War II, it was impossible for colonies and dependent countries to open their economies to the world although the internationalization of economic life had started long before the war. Therefore, it is necessary to further analyze what internal conditions a country should have in opening its economy to the world, apart from the needs for the internationalization of its economic life. Take China as an example. Before liberation, China was a semifeudal and semicolonial country. After the opium war, imperialist countries used warships and guns to open the gates of China. After they carved up spheres of influence in China, foreign commodities flooded the Chinese market, thus restricting the development of China's national industry. This open-door policy of national betrayal and humiliation was, naturally, not a policy of opening up to the outside world. With the founding of new China, our country became a sovereign country, and this has made it possible for us to open up to the outside world. During the First 5-Year Plan period, we opened our economy mainly to the Soviet Union and the East European countries. It was not that we did not want to carry out economic exchanges with the developed capitalist countries but that imperialist countries imposed an economic blockade and embargo on us. Subsequently, because the two superpowers looked down upon us and "leftist" ideas were rampant, we laid too much emphasis on self-reliance in socialist construction. In fact, this was closing the country to the world. Comrade Deng Xiaoping pointed out: "China was backward because it closed itself to the world. After the founding of the PRC, we were blockaded, and, to a certain extent, the country was still closed to the world. This caused some difficulties to us. Some 'leftist' policies, and the 'Great Cultural Revolution' in particular, also brought about calamities. In short, our experience over the past 30 odd years has proved that it will not do to carry out construction behind closed doors." (Footnote 4) (Deng Xiaoping: "Building Socialism with Chinese Characteristics," p 37) Since the 3d Plenary Session of the 11th CPC Central Committee, the CPC Central Committee has taken the policy of opening up to the outside world as a long-term basic state policy and strategic measure for speeding up socialist modernization. What is the theoretical basis for this? What is the material basis? We are of the opinion that to effectively implement the policy of opening up to the outside world, it is necessary to solve the problem of understanding the socialist economy, to admit that the socialist economy, which is based on the public ownership system, still has the nature of the commodity economy, and to develop commodity production and commodity exchange. Only by forming a developed commodity economy, can the policy of opening up to the world have a solid material basis. However, for a long period of time, people have fostered the concept of setting the commodity economy against the planned economy. Under the influence of this concept, they have equated the commodity economy to the market economy and, still worse, to capitalism. In theory, this confusion has resulted in denying the existence of the commodity economy in socialist society; and in practice, it has restricted the development of commodity production and commodity exchange.

Therefore, some people are afraid that encouraging the development of the commodity economy [word indistinct] socialist society retrogress to capitalist society. Breaking away from the traditional concept of setting the commodity economy against the planned economy, the "Decision of the CPC Central Committee on Economic Structural Reform" explicitly pointed out: "The socialist planned economy is a planned commodity economy based on public ownership, in which the law of value must be followed and applied. The full development of a commodity economy is an indispensable stage in the economic growth of society and a prerequisite for our economic modernization." (Footnote 5) ("Decisions of the CPC Central Committee on Economic Structural Reform," p 17) Capitalist production is the highest form of commodity production, and the capitalist economy is a developed commodity economy. In capitalist society, everything is done in a commercial form. Production is carried out for the needs of the market and even the labor force is bought and sold as a commodity. A developed commodity economy is the material basis for a capitalist country to open up to the world and is also an important link by which a capitalist country takes part in the international division of labor and establishes economic relationships with other countries.

In socialist society, the labor force is no longer a commodity, and land, mines, and rivers are not sold and bought. In comparison with capitalist society, it is true that there are certain restrictions on the scope of commodity production and commodity exchange and that as a result the role of the law of value is reduced, but most of the economic activities of socialist society are still conducted through the relationships between commodities and money. Therefore, socialist production is still commodity production and the socialist economy is still a commodity economy. China's commodity production and commodity exchange in the present period have not been fully developed. Only after China has formed a developed commodity economy, will China be able to materialize socialist modernization and to provide a reliable material guarantee for enlivening the domestic economy and opening up to the world. Socialist society cannot be built on the basis of a natural or semi-natural economy but on the basis of a developed commodity economy and large-scale socialized production. Only by energetically developing commodity production and commodity exchange, can we provide rich and reliable commodities for the domestic market so as to enliven the economy, can we have a large quantity of commodities and a large amount of fund to explore the international market, and can we import various types of commodities, funds, equipment, and technology. If the proportion of a natural or seminatural economy to the national economy is large and commodity production and commodity exchange are not developed, it is impossible to realize socialist economic modernization.

There has been great development in China's commodity production and commodity exchange over the past few years. Take foreign trade as an example. The export volume rose from \$9.7 billion in 1978 to \$29.96 billion in 1984, a 170 percent increase. In this short span of time, the proportion of China's export volume to that of the world rose from 0.9 percent to 1.4 percent, and the proportion of the export volume to the total national income rose from 5.6 percent to 9.6 percent. China's import volume also rapidly increased during the above period. It rose from \$10.9 billion in 1978 to \$27.67 billion in 1984, and its proportion to the world import volume increased from

0.8 percent to 1.3 percent. In 1984, China's foreign trade hit a record high of \$53.6 billion. Of course, the proportion of our foreign trade volume to that of the world is too small for a country as large as ours. However, we should understand that our foreign trade is playing an increasingly important role in promoting our economy. According to statistics, each export worth 100 million yuan can provide employment opportunities for 12,000 people and a profit of 35 million yuan for the state.

China has initially blazed a new trail over the past few years in using foreign capital and introducing advanced technology. The shortage of funds is a prominent problem in China's economic development. How to introduce foreign capital to make up for the shortage is a very arduous job. By December 1984, the number of contracts signed between corporations and enterprises throughout the country and foreign and Hong Kong investors was 3,605, negotiated investment was \$8.6 billion, and foreign capital actually used was \$4 billion. Of the contracts signed with foreign businessmen, 1,600 were for cooperative projects, with a negotiated investment of \$3,639,000,000, accounting for the largest percentage; about 30 were for exploiting offshore oil, with a negotiated investment of \$2.4 billion; about 700 were for joint ventures, with a negotiated investment of \$1 billion; about 1,200 were for compensatory trade, with a negotiated investment of \$865 million; and about 70 were for running foreign-capitalized enterprises, with a negotiated investment of \$400 million. On the whole, foreign capital has not accounted for a large percentage in China's investment. However, through using foreign capital, we have built some important projects and transformed thousands of medium-sized and small enterprises. This has played an effective role in promoting our commodity economy, improving the technological and managerial levels of our enterprises, and increasing our competitiveness on the international market.

The experiences of various countries have proved that the higher the level of the productive forces a country has, the more developed its commodity economy is, the more favorable conditions it has for opening up to the world, and the more extensive its economic and trade relationships with other countries are. The United States, Japan, and some developed capitalist countries in Western Europe, which play a leading role in world production, world trade, international investment, and technological transfers, are countries with highly developed commodity economies. Whereas some developing countries with underdeveloped commodity economies are in an inferior position in the above aspects, and their economic adaptability is very poor. Obviously, to achieve the expected results in implementing the policy of opening up to the world, a large developing socialist country like China must use its domestic market and rich resources and energetically develop its commodity production and commodity exchange. We must form a developed socialist commodity economy so that we can sell our commodities both on the domestic and international markets and carry out an effective competition with developed capitalist countries. In this way, we will be able to provide a reliable material guarantee for opening up to the world. China's policy of opening up to the world is a long-term basic state policy, as to realize socialist modernization, we must do what we can to develop commodity production and establish a developed socialist commodity economy. China's policy of enlivening the domestic economy and

opening up to the world will not change so long as its general target to develop the commodity economy and realize socialist modernization remains unchanged. Obviously, with the strengthening of the internationalization of economic life, only a sovereign country which is politically independent can really open itself to the world, and to enable its policy of opening up to the world to promote its economy, it must spare no effort to develop its commodity economy. Therefore, fundamentally speaking, the recognition of the socialist economy based on public ownership being a planned commodity economy is the theoretical basis for China's policy of opening up to the world, and it also serves as a footing for China's participation in the international division of labor and exploration of the international market.

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NATIONAL POLICY AND ISSUES

JINGJI RIBAO VIEWS ECONOMIC REFORM SITUATION

Part I

HK180451 Beijing JINGJI RIBAO in Chinese 9 Dec 85 p 1

[Article by reporter Yan Kalin: "Urban Reform Is Unfolded in an Overall Manner--Comments on the Economic Situation (Part 1)"]

[Text] Since the 3d Plenary Session of the 12th CPC Central Committee, the focus of reform has been shifted from the countryside to cities, and an overall reform with its center on invigorating enterprises has begun. In the past year, urban reform has made a good beginning, and has been unfolded in an all-round way.

First, the old concept of the product economy has been changed. Over a long period in the past, because of the influence of the "leftist" ideology and some unrealistic ideas, we thought that the planned economy and the commodity economy were incompatible, so we wittingly or unwittingly rejected the law of value and the role of the market mechanisms and relied mainly on administrative means to manage the economy. The decision of the 3d Plenary Session of the 12th CPC Central Committee put forward a scientific concept: The socialist economy should be "a planned commodity economy based on public ownership." This provided an important theoretical foundation for the entire reform of the economic structure. According to the objective laws that govern a planned commodity economy, the planning mechanisms must be properly integrated with the market mechanisms. This represents a major breakthrough in theory and practice.

Second, enterprises have become markedly more dynamic in their production and business. After the founding of the PRC, the economic structure experienced a number of major changes, all of which centered on whether enterprises should be placed under central management or transferred to local government management. No matter what the change, the enterprises were always subsidiary bodies to the central or local governments, and they had no power to decide their own business. The present urban reforms began with expanding the decision-making power of the enterprise and replacing enterprises' profit delivery to the state with tax payments. The situation in which enterprises "eat from the same big pot" of the state has been basically changed. Enterprises have been changed from subsidiaries of the administrative institutions into relatively

independent economic entities that can operate in line with the law governing the planned commodity economy. At present, industrial and commercial enterprises have markedly increased their decision-making power in the handling of their production and business and of their personnel and labor affairs. Enterprises' economic results and their financial contributions to the state have become greater, and this has effectively improved the financial condition of the state.

Third, new changes have occurred in the system and forms of economic management. In order to meet the needs in the development of the socialist commodity economy, major reforms have been made in recent years in the aspects of developing and expanding the unified socialist market and giving full play to the regulatory functions of various economic levers. Markets for consumer goods and producer goods, as well as capital markets, technology markets, and labor markets, have been widely opened and developed in various localities. In addition, major reforms have been made in the price system. The previous system of fixed prices has been replaced with a new system integrating fixed prices with floating and free prices. In the new price system, prices may be fixed by the state or by enterprises, and some prices may even be set by individual traders according to market conditions. Many state institutions have adopted a new complex wage system, in which the main part of staff members' wages is appropriate to their posts. Wage reforms are also being carried out actively in enterprises. Through such reforms, the economic levers of prices, credit, taxes, and wages have begun to function flexibly in regulating the economy in an all-round way.

Fourth, various forms of horizontal economic and technological combination and cooperation have greatly developed. Reforms in recent years have begun to tear down the economic barriers between localities, between economic departments, and between cities and the countryside. Regional economic programs have been drawn up in some parts of the country. Counties have been drawn up in some parts of the country. Counties have been made subordinate to the leadership of some cities. At present, 129 large and medium-sized cities are exercising administrative leadership over 571 surrounding counties. Many cities have taken measures to open the door to goods and services from surrounding areas, and this has obviously strengthened the economic ties between cities and the countryside.

Fifth, the pace of opening up to the outside world has been quickened. Under the guidance of the policy of opening up to the outside world, Fujian and Guangdong Provinces have adopted many special and flexible policies and measures for attracting foreign investments. Following the establishment of the four special economic zones in Shenzhen, Zhuhai, Shantou, and Xiamen, the party central leadership and the State Council have decided to open 15 port cities and Hainan Island, gradually open the Changjiang delta area, the Zhujiang delta area, and the southern Fujian triangle area, and the Liaodong and Shandong peninsulas, and establish technical and economic open zones in many open cities. At present, there is a total population of more than 100 million people in open areas, which produce more than half the country's total industrial output value.

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This year and next year will be a crucial period for making major strategic breakthroughs in urban reforms. Many economic statistical indicators have shown that the economic growth in cities in the last 2 years exceeded that of the first 3 years of the Sixth 5-Year Plan. This year, urban residents' annual per-capita outlay on personal living expenses will reach 820 yuan, or 380 yuan more than in 1980.

Of course, we should also notice that there are still many problems in the present reforms. Basically speaking, this is because the reform has not been sufficiently coordinated or perfected. It is an inevitable link in the change of an old system to a new system. It has only been a year since urban reform began. The old system has just been broken through and the new system has not been soundly established; the administrative means in economic management have been reduced, but economic levers have not been brought into flexible operation; microeconomic activities have been enlivened, but macroeconomic control has not kept pace with the development. Problems are unavoidable in such a transition period. These problems just show the necessity of pushing ahead with the reforms. We must give first priority to reform and must confidently and boldly advance to fulfill the three major tasks in the reforms, that is, to further invigorate enterprises, establish and develop a socialist market, and more effectively exercise indirect control over the overall economy.

Part II

HK180609 Beijing JINGJI RIBAO in Chinese 10 Dec 85 p 1

[Article by staff reporter Shi Xichuan: "Industrial Production Has Embarked on the Road of Sustained, Steady, and Coordinated Development--Comments on the Economic Situation (Part 2)"]

[Text] 1985 is the first year of the overall restructuring of the urban economy and also the last year of the implementation of the Sixth 5-Year Plan. Beginning on 1 January, the CPC Central Committee and the State Council adopted a series of measures to strengthen macroeconomic management and control and to overcome the abnormal phenomena that cropped up in the fourth quarter of 1984. The excessively high rate of industrial production has dropped from 23.1 percent in first half of this year to less than 19 percent and industrial production has embarked on the road of sustained, steady, and coordinated development, bringing about the following five changes:

1. Industrial output, profits and taxes, and state revenue have increased simultaneously and the revenue has increased by 30 billion yuan over that of last year.
2. The nation's light and heavy industries have, on the whole developed simultaneously and both consumption and accumulation have increased by big margins. The basic coordination of the proportional relations is a stabilizing factor preventing great fluctuations in the national economy.
3. The nation's energy production has consistently maintained its good momentum. On the basis of fulfilling the Sixth 5-Year Plan 2 years ahead of

schedule, our coal output is expected to reach 830 million tons this year, thus leaping to second place in the world's coal production. We have registered a sustained and steady increase in oil production, with the annual output continuously surpassing 110 million tons. Electricity production is also quite stable. The trends of energy shortage have markedly slowed down.

4. A continued drop in product quality has been brought under control.

5. Some large and medium enterprises have been invigorated to some extent.

To sum up the experiences gained in the past year, we should concentrate on grasping the following five aspects in order to attain better economic results:

First, it is necessary to improve quality. This is the basis of, as well as the precondition for, improved economic results. Without quality, attainment of better economic results is out of the question. We already have some policies on quality. In future we should gradually perfect them and conscientiously put them into effect.

Second, it is necessary to reduce consumption. In China's industrial production, material consumption accounts for a very large proportion, generally 80-90 percent, of the cost. In foreign countries, however, it generally accounts for only 50-60 percent of the cost. We do not yet have a complete set of systems and methods on reducing consumption, still less a guarantee structure like that of quality control. In the future, we should study the method of using a portion of the earnings derived from reduced material consumption to increase the workers' salaries or a portion of the value thus saved to reward the workers and staff. That is to say, we should link reduced consumption with the interests of the workers and staff members and strive to reduce material consumption by more than 5 percent in 1986.

Third, it is necessary to speed up the turnover of circulating capital. We did not attach sufficient importance to this issue in the past. The management structure characterized by the practice of "everybody eating from the same big pot" has led to the bad habit of asking the higher level for help when cash shortages arise. Now that this practice does not work any longer, the enterprises should foster the concepts of capital turnover and of interest and regard the reduction of capital use and the speeding up of capital turnover as an important aspect of improving economic results.

Fourth, it is necessary to regard the earning of more foreign exchange as an important aspect of improving economic results and to make vigorous efforts to earn more foreign exchange.

Fifth, vigorous efforts should be made to turn losses into profits. Over the past few years, much work has been done in this respect in various parts of the country. However, there are still more than 5,000 industrial enterprises listed in the state plan operating at a loss, with a total loss of about 2 billion yuan. This represents an increase of 2.5 percent over last year. It is no good operating at a loss all the time. For this reason, it is necessary to work out an enterprise bankruptcy law. If an enterprise finds

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it difficult to go on operating at a heavy loss, it should declare bankruptcy. Regarding the enterprises operating at a loss, we should first ascertain the causes for the loss. Some enterprises, such as coal enterprises, may operate at a loss in accordance with the stipulations of the policy. Some, however, operate at a loss because of poor operation and management. The latter should study the orientation of their development, turning to other lines of production or transforming themselves. Practice has proven that the circumstances are better in those enterprises where the leaders are devoted to, and have good grasp on, their work, and take effective measures. On the other hand, if the leaders pay no attention to their work or fail to take effective measures, the losses of the enterprises will not drop but may even increase.

The first 5 years of the 1980's will soon be over. Whether or not we shall be able to do economic work still better in the second 5 years will depend on two factors: First, improve operation and management, attain better economic results, reduce consumption, earn more profits and taxes, and increase revenue; second, increase exports, earn more foreign exchange, and catch up with or surpass advanced world levels. These are the basis of our economic construction and also the difficult problems faced by hundreds of millions of workers and staff members. If we succeed in solving these two problems, we shall be ushering in a vivid, dramatic, and highly successful period over the next 5 years.

Part III

HK180641 Beijing JINGJI RIBAO in Chinese 11 Dec 85 p 1

[Article by Reporters Ma Yuxiang and Zhang Jianjun: "Policies for Macro-economic Control Are Rich in Results--Comments on the Economic Situation (Part 3)"]

[Text] Early this year, after making an all-round analysis of last year's economic situation, the party central leadership and the State Council decided to take a series of measures to strengthen overall economic control. This important policy decision was made on the basis of scientifically summing up our historical experience. It was a correct and timely decision. With the joint efforts of various localities and departments, the measures have now achieved satisfactory results in overall economic controls.

Last year, the capital investment made by the economic sector owned by the whole people increased by 25 percent over the previous year; and, in the first half of this year, this investment increased by another 40 percent over the same period of last year. It was obvious that the economy had grown too fast. In order to control the excessive increase in capital investment, the State Council reiterated that capital construction must be conducted strictly according to plans, required government leaders to bear responsibility for supervising capital investment, and took some new measures, such as restraining credit offers. In the second half of this year, the growth rate of capital investment began falling and is expected to be below the level of the same period of last year.

In the last quarter of last year, some localities, departments, and enterprises violated economic and financial discipline in the name of reforms. They improperly raised wages and issued lavish bonuses in cash or in kind, thus raising the total expenditure for wages and bonuses by more than 40 percent over the same period of the previous year. In order to control the overgrowth in the consumption funds, this year, the state strictly ordered that no excessive bonuses, allowances, and material awards be given to workers and staff members and imposed taxes on last year's issuance of bonuses. At the same time, the state authorities also revised the regulations on taxing the issuance of bonuses in state-owned enterprises and began to impose a wage regulation tax on state-owned enterprises that had linked their payrolls with their profit deliveries and to impose a bonus tax on non-profitmaking institutions and collectively owned enterprises. These economic measures have effectively restrained enterprises and other units from irresponsibly raising the wages and bonuses of their workers and staff members. In addition, the state reduced the budget for administrative expenses in order to more tightly control the purchasing power of various social groups.

In order to solve the problems of the excessive growth in credit issuance and in money supply, the state adopted measures to strictly control the scale of credit and to bring credit offers into line with plans. Banks raised interest rates for people's savings accounts and fixed deposits of enterprises, thus increasing the total volume of deposits and expanding the sources of credit funds. At the same time, interest rates of loans for fixed assets and working funds were raised correspondingly, and this enhanced the economic efficiency of the use of funds. Through efforts in the past 10 months, the scale of credit this year is expected to come down to the planned level.

Now we can say that, through strengthening overall economic control and management, we have succeeded in terminating the runaway phenomena in our economy that appeared in the fourth quarter of last year. We have been gradually removing the unstable factors in our economic development. The general situation is good. However, we should also notice that many problems have not been thoroughly solved yet and, at the same time, new problems may continue to appear in the course of development. We must often pay attention to the new tendencies and new problems in economic development and should take necessary measures to promptly and effectively deal with these problems so as to ensure the sustained, stable, and coordinated development of the national economy and to create a favorable economic environment for the smooth advance of the economic structural reforms.

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NATIONAL POLICY AND ISSUES

PAPER ON CHANGES IN ECONOMIC GROWTH MECHANISM

HK240649 Beijing GUANGMING RIBAO in Chinese 14 Dec 85 p 3

[Article by Chen Xianchang [7115 6343 2490]: "Changes in the Models of Economic Growth Mechanism"]

[Text] Modern economy as a whole can be regarded as a highly developed commodity economy. Whether a country's economic development can rank itself alongside other countries with modern economies is determined by the degree and way that the country's economy is related to commodities, currency and market. Fundamentally, our country's economic structural reform is designed to realize a transformation from a traditional product economy to a commodity economy. What plays a vital role, and is indispensable in this "transformation," is the switch of the social economic growth mechanism from a traditional, supply-promoted type, to a demand-promoted type.

Well-known Hungarian economist Janos Kornai, classifies the economic systems in reality into demand-restricted and resource-restricted types, in his book "Shortage Economics." What Kornai calls a resource-restricted economy is in fact a supply-promoted type of economy that is in fact not restricted by market demand, and that relies on state mandatory plans to promote social economic growth. What Kornai calls a demand-restricted economy is a demand-promoted economy that relies on market demands to promote economic development. In our country's actual economic reform, the process of transition from a traditional product economy to a planned commodity economy is also the process of transition from a supply-promoted to a demand-promoted type of economic growth mechanism.

In a capitalist commodity economy, the demand-promoted type of economic growth mechanism is combined with capitalist economic competition, anarchy, and with the means of capital attaining the objective of exploitation, it is transformed into the social economic results of capital and promotes the development of capitalist economy. This social economic growth mechanism, specific to the commodity economy itself, is after all not a capital relationship, but a commodity economic relationship. A socialist economy is a planned commodity economy established on the basis of public ownership, in which social demand which reflects the change in the supply and demand relations

in the market, regulates production and promotes economic development under the guidance of state plans. These plans can coordinate the interests of the whole society and eliminate the problems of macro competition and anarchy in a capitalist economy. However, state plans should not ignore the factors of supply and demand. If they ignore these factors, they will not be able to play their role in regulating the economy.

As our country's economic structural reform deepens, the role of consumption demand in our economic growth mechanism will become increasingly greater, the tendency of investment expansion created by the supply-promoted growth mechanism will be restrained, and the demand for final products with consumption demand as its core will begin to become the most active factor to influence and determine the rate and orientation of economic growth. All these will create good environmental conditions for the transformation of our country's economic growth mechanism to a demand-promoted type. They will urge enterprises: To establish the mechanism of a benign cycle between investment demand and the demand for final products; to pay attention to the ratio between input and output and to the economic and social economic results of their input; to make it imperative for enterprises to conscientiously respond to the signals of prices which reflect supply and demand relations in the market; and to continue to promote the transformation from a sellers' market where supply fails to meet demand to a buyers' market where supply exceeds demand a little. Of course, the emergence of a buyers' market and the realization of the transformation of the economic growth mechanism can only be possible under normal market conditions, and in particular, under the condition of rational prices.

In order to develop the planned commodity economy, we must realize the transformation from an economic growth mechanism that is mainly of a supply-promoted type to an economic growth mechanism that is mainly of a demand-promoted type. However, the establishment of a demand-promoted type of economic growth mechanism is characterized and conditioned by the emergence of a buyers' market. Without the emergence of a buyers' market, there will not be an economic growth mechanism that is primarily of the demand-promoted type. Thus, it will be impossible to develop the planned commodity economy. Therefore, realizing the transformation to a demand-promoted type of economic growth mechanism which is characterized by the emergence of a buyers' market is an important precondition for attaining the objectives of our economic structural reform.

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CHONGQING HOSTS MEETING OF KEY CHANG JIANG CITIES

HK220349 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 21 Dec 85

[Text] The first meeting of the Economic Coordination Association of key cities along the Chang Jiang was held in Chongqing from 19 to 21 December. The initiating organizations from Shanghai, Nanjing, Wuhan, and Chongqing and the delegations from these cities discussed the great affair of speeding up economic development in Chang Jiang basin.

In accordance with the spirit of instructions of leading comrades of the CPC Central Committee and State Council on speeding up economic development in the Chang Jiang basin.

In accordance with the spirit of instructions of leading comrades of the CPC Central Committee and State Council on speeding up economic development in the Chang Jiang basin, beginning in August this year Shanghai, Nanjing, Wuhan, and Chongqing initiated the organization of an Economic Coordination Association for the key cities along the Chang Jiang. A meeting of the association was held, at which the participants agreed on the nature, tasks, and organizational principles of the association.

The association will organize and stimulate the departments, trades, and enterprises and units concerned to conduct comprehensive and specialized investigations of exploiting and using the Chang Jiang, study policies, coordinate plans, guide economic and check on and supervise their implementation.

At the coordination meeting, the four cities agreed on coordination moves for developing joint transport and joint operations along the Chang Jiang, expanding the circulation channels for domestic and foreign trade, strengthening economic and technological cooperation, stimulating science and technology exchanges, coordinating tourism along the Chang Jiang, invigorating capital and finance, improving posts and telecommunications, and exchanging economic information.

The holding of this meeting will be of great practical and historical significance for linking east and west and north and south in the national economy.

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COMPLETION OF ENTERPRISE CONSOLIDATION ANNOUNCED

OW210222 Beijing XINHUA Domestic Service in Chinese 1227 GMT 20 Dec 85

[By reporter Huang Fengchu]

[Text] Beijing, 20 Dec (XINHUA)--Yuan Baohua, head of the National Enterprise Consolidation Leading Group, announced today that after 4 years of efforts, the task put forth by the party Central Committee to overhaul the existing enterprises before 1985 has been successfully completed, and that the nearly 50,000 state enterprises, including 3,000 large and medium-sized key enterprises, listed in the national enterprise consolidation plan have all passed the acceptance test.

Since the CPC Central Committee and the State Council made the "decision on carrying out comprehensive consolidation of state industrial enterprises" in 1982, all localities and departments have carried out the nationwide consolidation in a planned and systematic manner and have scored remarkable achievements in overhauling the enterprises over the past 4 years.

--In line with the requirement for making members of the leading body younger in average age, better educated, and more professionally competent and revolutionary, all enterprises have completed the succession of the old by the new. According to data concerning 18,000 party and administrative leading cadres of 2,900 large and medium-sized enterprises in the country, their average age is 45, with cadres in their 40's forming the backbone of leading bodies; 74 percent have college or higher education, of which 89 percent of plant directors and 81 percent of party committee secretaries have college or higher education, respectively 40 and 70 percent more than the figures before the consolidation; and the number of members in the enterprise leading body has decreased by one-third.

--As a result of the continuous improvement of the enterprises' economic responsibility system, the income of staff members and workers has been further linked to their performance, the egalitarian practice in distribution discontinued, and the enthusiasm of the staff members and workers harnessed.

--Basic works in enterprise management have been improved. The rate of products with specifications has increased from 60 percent before to 80 percent after the consolidation; and the inspection rate of weights and measures has reached 88 percent. Over 4,900 enterprises have reached the state weight and measure standard at various levels.

--Initial results have been achieved in overhauling labor organizations. Over the past 4 years, enterprises in industry, transport, construction, and commerce have made arrangements for 3 million surplus personnel. Large and medium-sized enterprises have explored new lines of production by setting up production and labor service companies and developing the tertiary industry.

--The political, cultural, and technical quality of staff members and workers has been improved. According to statistics in 17 provinces, autonomous regions, and municipalities, about 80 percent of young and middle-aged staff members and workers have attended make-up classes on political affairs and general knowledge, a figure fulfilling the state requirement; about 70 percent of staff members and workers have received specialized technical training; and over 95 percent of the nearly 60,000 plant directors (managers) have passed the national unified examination.

--Economic efficiency has been raised. In the first 11 months of this year, the industrial enterprises increased their total output value by 33.6 percent and earned and delivered to the state 18.5 percent more profits and taxes over the same period in 1982, while the number of enterprises suffering from deficits decreased by more than 7,000. The consolidation of enterprises is an important factor for these achievements.

Explaining the preliminary measures for strengthening enterprise management during the Seventh 5-Year Plan period, Yuan Baohua said: Under the premise of earnestly implementing the guidelines of the National Conference of Party Delegates, stepping up the building of spiritual civilization, and facilitating the economic structural reform, it is necessary to persistently focus attention on increasing the economic efficiency and overall social benefit, improving product quality, lowering material consumption, and raising the quality of enterprises in all fields in order to adapt enterprise management to meet the basic requirements of economic structural reform and national economic development and lay a solid foundation for vigorous economic growth in the next decade.

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NATIONAL POLICY AND ISSUES

BRIEFS

BEIJING PRICE HIKE RUMORS DISPELLED--Beijing Vice-Mayor Han Boping has dispelled rumours of impending price increases for some goods. "There will be no price increase for knitting wool, grain and rapeseed oil," the vice mayor told Beijing residents at the weekend. He said both the municipal and central governments have decided not to raise prices for grain and edible oil. And the city authorities have also no intention or arrangement for any price rise for knitting wool. Since December, BEIJING EVENING NEWS reports, the city had been seized by panic buying of those items after rumours said they would go up. [Text] [Beijing CHINA DAILY in English 1 Jan 86 p 3 HK] /6662

CSO: 4020/158

PROVINCIAL AFFAIRS

SHANGHAI TO GIVE PRIORITY TO POSTS, TELECOMMUNICATIONS

HK240607 Beijing ZHONGGUO XINWEN SHE in Chinese 1351 GMT 19 Dec 85

[Report by Shu Rong [5289 5554]: "Shanghai to Invest Over 800 Million Yuan in Posts and Telecommunications During the Period Covered by the 'Seventh 5-Year Plan'"]

[Text] Shanghai, 19 December (ZHONGGUO SINWEN SHE)--Posts and telecommunications have been listed as one of the priorities Shanghai will develop during the period covered by the "Seventh 5-Year Plan." Shanghai will invest 825 million yuan in the development of posts and telecommunications, which is five times more than the figure during the "Sixth 5-Year Plan."

According to the plan, by the year 1990, Shanghai will have a total of 600,000 telephone sets installed in the city and the number of international telephone circuits will be increased to 1,000. Shanghai will also use program control telephones extensively in the city proper, experiment with fibre optic and digital microwave communication systems, and accelerate the construction of a domestic satellite station. New services, such as digital communications, household telegrams, cable, household video telephones, mobile communications and so on, will also be introduced. In the meantime, Shanghai will build another 100 post offices throughout the city within 5 years and gradually realize mechanization and automation in dealing with postal matters.

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CSO: 4006/475

PROVINCIAL AFFAIRS

BRIEFS

ENERGY, HOUSING DEVELOPMENT REPORTED--During the Sixth 5-Year Plan period, our province has fairly rapidly developed its energy production. Newly added coal capacity has reached 6.84 million tons, oil capacity 9.74 million tons, and installed power generation capacity 1.233 million kilowatts. During the Sixth 5-Year Plan period, our province has built more than 28 million square meters of houses, of which some 17 million square meters are residential houses, showing an increase of 5.87 million square meters over the residential houses completed during the Fifth 5-Year Plan period. Housing conditions and living environment for urban residents have improved to a fairly great extent. During the Sixth 5-Year Plan period, our province has tapped the potential of its available irrigation projects. It has improved 240 10,000-mu irrigated areas, and sunk 8,000 electric pump wells for paddyfields, and built more than 1,000 small water supply stations with circulating funds and the funds collected by the masses, thus expanding paddyfields by 2.42 million mu, greater than the total acreage of paddyfields increased during the 30 years before the Sixth 5-Year Plan period. [Text] [Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 18 Dec 85 SK] /8918

CSO: 4006/473

ECONOMIC DEVELOPMENT ZONES

DALIAN EDZ ATTRACTING LARGE FOREIGN INVESTMENT

Shanghai WENHUI BAO in Chinese 4 Oct 85 p 1

[Article: "Many Foreign Merchants Investing in Dalian EDZ; 121 Joint Ventures Started"]

[Text] Efforts to attract foreign business to the Dalian Economic Development Zone have achieved marked results since the first half of this year, with a total of 121 joint capital or cooperative ventures with foreigners already established in the zone, including contracts for the creation of nine joint industrial enterprises with America, Japan and Hong Kong, involving the equivalent of 101.14 million yuan. Fifteen similar agreements were signed with Australia, France, West Germany, Japan and Hong Kong with a total investment value worth 315,695,000 yuan.

Plans for the Dalian EDZ from this year to early next year involve 34 construction projects, of which 4 or 5 will be ready to go into production by the end of this year. Of the 34 projects, 20 are joint capital ventures and 2 are cooperative enterprises also involving foreign investment. Construction began on 31 August to build the Dalian Orient Computer Development Co., Ltd after the signing of the joint venture contract between Fushun and Hong Kong this April. Work has already begun or is about to begin on various joint venture projects such as the Qinggang Hotel, the Yamei Construction and Decoration Co., Ltd, and the Bimetallic Compound Saw Factory.

The Dalian EDZ has attracted much foreign business. Since its establishment it has already received more than 2,800 foreign businessmen in 415 groups from 28 countries and regions to visit and participate in negotiations.

12221/12859
CSO: 4006/357

ECONOMIC DEVELOPMENT ZONES

DALIAN OVERHAULS FACTORIES WITH FOREIGN FUNDS

OW071236 Beijing XINHUA in English 1127 GMT 7 Dec 85

[Text] Dalian, December 7 (XINHUA)--Dalian, the most important trading port in northeast China, is using 70 percent of foreign investment and imported technology to overhaul existing factories.

Since the coastal city was opened to foreign investment last year, more than 130 enterprises have been retooled, city officials said.

This has enabled them to produce an extra 500 million yuan worth of goods a year.

Another 150 factories have retooling schemes now under way, and city chiefs hope to have retooled all major enterprises by 1990.

In the first 11 months of this year, the city attracted 328 million U.S. dollars of foreign funds and imported 377 items of technology, compared with 190 million dollars and 252 items last year.

Dalian steel mill has imported a production line from the Federal Republic of Germany to make high speed tool steel.

It now exports half the product, and expects to make a profit of more than 10 million yuan this year.

Dalian shipyard can produce marine diesel engines by using imported technology from Denmark and Switzerland. In the past, these engines had to be imported.

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CSO: 4020/156

ECONOMIC DEVELOPMENT ZONES

GUANGZHOU ECONOMIC ZONE TO STEP UP DEVELOPMENT

OW272122 Beijing XINHUA in English 1430 GMT 27 Dec 85

[Text] Guangzhou, December 27 (XINHUA)--Guangzhou's economic and technological development zone wants to attract five times as much foreign investment next year as this, zone Administrative Committee Director Miao Enlu said today. Foreign investment is expected to amount to 26 million U.S. dollars in 1986, he said. And 11 Sino-foreign joint ventures and co-operative businesses will open there.

Miao said the zone had clinched 36 deals involving industrial production and service trades with firms from overseas, Hong Kong, and Macao since it was set up a year ago. Total investment in them would reach 49 million dollars.

He said: "The local authorities will spend 160 million yuan (about 50 million dollars) on infrastructure in 1986 to improve conditions for foreign investors." The zone will import microwave program-controlled telephone switchboards with a total capacity of 10,000 lines next year. "Direct dialing services are now available between the zone and major Chinese cities, the United States, Hong Kong, and Macao," he said. An 11-kilometer power transmission line would begin supplying electricity next year, and a 36,000-kilowatt power plant was being built. Work began a year ago on the 9.6-square-kilometer zone, designed to introduce foreign funds to develop new industries and technology. It is 35 kilometers from the Guangdong provincial capital of Guangzhou, and 88 nautical miles from Hong Kong.

The first stage of development involves two sub-zones covering 2.6 square kilometers, which will be completed within 5 years.

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CSO: 4020/156

ECONOMIC DEVELOPMENT ZONES

TIANJIN FOREIGN INVESTMENT ZONE SIGNS CONTRACTS

OW171324 Beijing XINHUA in English 1232 GMT 17 Dec 85

[Text] Tianjin, December 17 (XINHUA)--The Tianjin special foreign investment zone has signed contracts for 19 joint ventures worth 47 million U.S. dollars since it was set up last December.

This was announced by Zhang Wei, general manager of the zone's general corporation, in an interview here today.

Of the 19, seven joint ventures with an investment of eight million U.S. dollars were ready for operation, he said. Some 80 percent of the products of six joint ventures were expected to be exported, he added.

Zhang said that Tianjin City had negotiated on 400 projects with businessmen from 300 firms in the United States of America, Federal Germany, France, Belgium, Japan, Canada, Denmark, Britain, and Australia.

Construction of 11,000-square meters of workshops for a Sino-Danish bicycle venture had been completed, he said. The venture was expected to be put into trial production later this month, he added.

Work had started on another 108,000 square meters. Now, 0.6 sq km out of the total area of 33 sq km was ready for factory construction, he said.

Talking of next year's plan, Zhang said at least 30 new joint venture contracts would be signed and 20 joint enterprises would start business there.

"The purpose of the special foreign investment zone is to let foreign investors make profits, and we will give them all the facilities to do so," he said.

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CSO: 4020/156

ECONOMIC DEVELOPMENT ZONES

BRIEFS

JOINT VENTURES IN LIANYUNGANG EDZ--According to KAIFA BAO, the city of Lianyungang has taken stable, solid measures to gradually build and expand its economic development zone instead of blindly rushing headlong into precipitate action. No disproportionate development or allocation of funds has occurred in the process. Their efforts recently won the praise of the Central Committee leadership. The Lianyungang EDZ has been designated to cover an area of 10 square kilometers. Basing themselves on the principle of developing areas bit by bit, it has been decided to begin with 3 square kilometers, with the focus on construction in 0.6 square kilometers and plans for continued expansion later. In this way the EDZ can support itself and its own growth. Construction within the zone is not to begin until plans and preparations are complete. Seven joint ventures have already been started in the zone, with another 13 projects in the planning stage. [Text] [Beijing RENMIN RIBAO (OVERSEAS EDITION) in Chinese 12 Nov 85 p 3] 12221/12859

CSO: 4006/357

AGGREGATE ECONOMIC DATA

PRINCIPAL INDUSTRIAL PRODUCTION FIGURES

HK240851 Beijing JINGJI RIBAO in Chinese 17 Dec 85 p 2

["Principal Statistical Data on Industrial Production, Communications and Transportation for November 1985" supplied by the State Statistical Bureau]

Items	Jan-Nov 1985	Nov 1985	Percentage Increase/ (Decrease) over
			Jan-Nov 1984
Gross industrial output value	749,900,000,000 yuan	70,330,000,000 yuan	18.4
Light industrial output value	374,710,000,000 yuan	36,120,000,000 yuan	20.3
Heavy industrial output value	375,190,000,000 yuan	34,210,000,000 yuan	16.5
Bicycles	29,504,100	2,902,700	14.0
Sewing machines	8,944,500	902,000	4.7
Wrist watches	33,341,000	3,703,000	15.9
Television sets	14,352,500	1,428,200	66.4
Radio receivers	14,500,700	1,266,500	(30.0)
Audio recorders	11,437,600	1,128,200	79.4
Family washing machines	8,016,000	743,000	55.8
Cameras	1,621,500	182,200	41.8
Electric fans	28,460,100	2,399,700	78.7
Family refrigerators	1,221,200	144,900	170.0
Synthetic fiber	856,400 tons	87,700 tons	30.8
Yarn	3,211,100 tons	309,500 tons	8.9
Cloth	13,019,000,000 meters	1,243,000,000 meters	9.5
of which Synthetic cloth	5,583,000,000 meters	487,000,000 meters	4.3

Silk cloth	1,236,000,000 meters	116,000,000 meters	19.8
Woolen cloth	193,460,000 meters	17,470,000 meters	22.3
Knitting wool	109,200 tons	10,200 tons	10.7
Sugar	3,447,200 tons	280,600 tons	17.8
Crude salt	13,584,000 tons	1,113,000 tons	(12.7)
Cigarettes	21,256,000 boxes	2,308,000 boxes	11.7
Beer	2,933,100 tons	179,400 tons	40.4
Machine-made paper and paper board	7,599,300 tons	681,900 tons	16.4
Lamps	1,389,000,000	131,000,000	9.1
Crude coal	769,320,000 tons	72,460,000 tons	10.6
Crude oil	114,184,000 tons	10,441,000 tons	9.3
Natural gas	11,824,000,000 cubic meters	1,120,000,000 cubic meters	6.3
Electricity of which hydro- electricity	370,340,000,000 kilowatt-hours	35,180,000,000 kilowatt-hours	8.8
	84,320,000,000 kilowatt-hours	7,320,000,000 kilowatt-hours	6.2
Pig iron	39,708,000 tons	3,769,000 tons	8.1
Steel	42,685,000 tons	4,081,000 tons	7.0
Rolled steel	34,005,300 tons	3,184,500 tons	9.3
Coke (machine made)	35,621,900 tons	3,335,700 tons	7.2
Sulphuric acid	6,169,300 tons	542,700 tons	(18.7)
Soda ash	1,832,800 tons	176,500 tons	5.9

Caustic soda	2,151,200 tons	198,900 tons	5.4
Chemical fertilizer	12,514,000 tons	980,300 tons	(8.5)
Chemical medicine	55,200 tons	5,600 tons	6.8
Chemical pesticide	198,200 tons	8,500 tons	(33.1)
Cement	130,416,000 tons	12,948,000 tons	17.7
Plate glass	50,542,600 standard boxes	5,136,600 standard boxes	19.2
Electricity generating equipment	3,932,500 kilowatts	179,900 kilowatts	8.3
Machine tools	142,200	11,900	18.0
Automobiles	409,700	33,400	42.4
Small tractors	748,800	45,300	19.4
Locomotives	691	59	14.0
Volume of rail freight	1,172,000,000 tons	105,000,000 tons	5.4
Volume of cargo freight of the ships directly under the ministry of communications	171,000,000 tons	15,000,000 tons	9.4

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CSO: 4006/475

ECONOMIC MANAGEMENT

HEILONGJIANG GOVERNOR SPEAKS ON LATERAL ECONOMIC TIES

SK301327 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 29 Dec 85

[Text] At today's provincial on-the-spot meeting on strengthening lateral economic ties held in Zhaozhou County, provincial governor Hou Jie said: Zhaozhou County's experiences in strengthening lateral economic ties are of universal significance. We should intensify our work, carry out extensive associations and cooperation of various forms, and strive to develop our province's industry.

Hou Jie said: Development of lateral economic ties is a requirement of the objective economic law, an area in which we should make a breakthrough when conducting the economic reform, and a need to accelerate economic development by learning from others' strong points to offset our weaknesses. In turning our province's advantages in natural resources into economic advantages, and changing our industrial backwardness, an important way out is to learn from Zhaozhou's experiences to expand lateral economic ties.

In order to promote the healthy development of lateral economic ties, he urged all localities and competent departments throughout the province to carry forward the spirit of exploration, earnestly sum up experiences and lessons in line with actual conditions, successfully work out plans on the basis of thorough investigation and study, and carry out economic cooperation in a planned and step-by-step manner.

He said: We should proceed from reality in carrying out economic cooperation and formulating plans. We should refrain from rushing without forethought, from establishing ties everywhere without considering conditions and possibilities whenever we mention lateral ties, and from doing the work for appearance's sake without paying attention to actual results. In formulating plans for lateral economic ties, we should bear in mind the development strategy of our own localities, and work out plans compatible with the strategy for the development of our own localities on the basis of the economic advantages and characteristics and the key issues on economic development of our own localities. Emphasis should be placed on four areas. The first is the development of natural resources. The second is the improvement of the technological and managerial levels of the existing enterprises, with improving their competence and reducing consumption as the key. This should be

the major work. The third is the development of new products and new technologies cooperatively focusing on imitation and technological transfer. The fourth is supporting large enterprises and key products by processing spare and component parts for them, and carrying out the production tasks scattered by large enterprises. At present, when the supply of funds is strained all over the country, we should emphasize cooperation in production of brand name products. We should greatly increase the production of quality brand name products and readily marketable products. In strengthening technology and cooperation, we should focus on transferring technology from outside the province, transferring military technologies to production for civilian use and transferring urban technologies to townships and towns, and applying scientific research findings to production so that we can improve the technical levels of the existing enterprises. In the meantime, through cooperation, we should import and train technical personnel. Where conditions permit, we should also actively import funds to develop resources jointly. When developing lateral economic ties, we should pay attention to local and nearby areas. Whenever cooperative ties can be established within the province, we should not look far and wide for what lies close at hand and establish ties with areas outside the province. In order to promote cooperation among different prefectures of the province and between urban and rural areas, plans should be worked out to establish economic cooperation zones at different levels, of different scales, and with different characteristics centering in large and medium-sized cities. In this way, the function of central cities to expand to surrounding areas can be developed, central cities can lead the industrial development of townships and towns, the ties between urban and rural areas can become closer, and urban and rural areas can support each other and achieve common prosperity. Large and medium-sized cities, in particular, should support remote areas in coordinated fields in order to help them develop the economy. Cooperation and associations should be carried out through various channels and measures and at various levels. The principle of mutual benefit is the foundation of cooperation and associations. Only when we adhere to this principle can we boost the enthusiasm of all parties involved, promote the associations, and consolidate the achievements of the associations.

Governor Hou Jie urged: All provincial departments should actively render a service to the development of lateral economic ties. They should take the results in lateral economic ties among various trades and in economic development as the major criteria for judging the performance of the various departments, bureaus, and companies directly under the province. In transferring scientific research findings of scientific research units and colleges and universities, we should give the priority to areas within the province when their conditions are the same as those of areas outside and counties with poor foundations when transferring technologies in order to support their economic development.

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CSO: 4006/501

ECONOMIC MANAGEMENT

QINGHAI: SONG RUIXIANG SPEAKS AT ECONOMIC REPORT MEETING

HK301155 Xining Qinghai Provincial Service in Mandarin 2330 GMT 26 Dec 85

[Text] In the afternoon of 25 December, the provincial CPC committee and government held an economic report meeting, at which Comrade Song Ruixiang, vice secretary of the provincial CPC committee and governor, delivered a report entitled: Studying Fraternal Provinces and Regions in Order To Expedite the Province's Economic Development.

Comrade Song Ruixiang's report is divided into three parts. The first two introduce experiences of economic development in Ningxia region and Gansu Province, as well as economic invigoration in southern Jiangsu. The third part discusses his thinking about the province's economic work.

After discussing the current economic situation and that of fighting against disasters in pastoral areas in the third part of the report, Comrade Song Ruixiang puts forward seven issues that are worth discussing and studying in order to expedite the province's economic development during the Seventh 5-Year Plan period.

First, we must place the development of agricultural production in a dominant position. We must grasp it firmly and well in the same way as we handle the most important matters.

Second, we should strive to create conditions that basically put an end to the situation of raising livestock by entirely depending on natural conditions. Instead, we should give full play to the province's advantages for developing animal husbandry. We must be determined in building grassland for grazing in winter and spring, running the fodder industry, and promoting the development of rotation grazing at herders' settlements. We must organize the efforts by various sectors to build protected areas into the bases for commodities of animal husbandry. We must greatly develop animal husbandry in agricultural areas, and really do well in the work of planting trees and growing grass.

Third, we should grasp well the economic work in urban areas and give full play to the diversified roles of cities.

Fourth, we should pool together our limited funds to develop small economic zones. We should strive to gain more profits with small amounts of investment, and to strengthen our capability of developing ourselves.

Fifth, we should actively promote economic and technological cooperation with fraternal provinces and regions, particularly the advanced areas. We should promote the establishment of diversified extensive economic links, so as to expedite the province's economic development.

Sixth, we must regard as an important issue the work of extricating ourselves from poverty. Various provincial units must follow the plans of the provincial CPC committee and government, and really adopt effective measures to accomplish the work on a contract basis.

Seventh, we must have a good mental attitude. We must take the overall situation into consideration, lay stress on unity and practical results, and make judgment by comparing achievements.

The report meeting was presided over by Han Yinxuan, standing committee member of the provincial CPC committee. It was attended by leading comrades of the provincial CPC committee, the provincial government, the provincial people's congress standing committee and the provincial CPPCC; as well as responsible people from the provincial departments concerned and Xining City.

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CSO: 4006/501

ECONOMIC MANAGEMENT

ANHUI MEETING DISCUSSES URBAN ECONOMIC REFORM

OW241055 Hefei Anhui Provincial Service in Mandarin 1100 GMT 23 Dec 85

[Text] The Anhui Provincial Conference on urban economic reform took place in Bengbu City 18-22 December. According to the meeting, the guidelines for reform in 1986 are: Continue to implement the reform measures that have already been set; consolidate the achievements of reform; improve enterprises' capability for digesting new technology; and draw up relevant regulations for reform so that all reform projects can be gradually perfected and become more coordinated.

Wang Yuzhao, governor of Anhui, and Lu Rongjing, deputy secretary of the provincial party committee, addressed the conference. Gui Jianxiao, vice chairman of the provincial advisory commission and Su Hua, vice chairman of the Standing Committee of the provincial People's Congress, attended the meeting, which was chaired by Zhang Dawei, vice governor of Anhui.

Song Ming, vice governor of Anhui, conveyed the guidelines set forth by the national conference of technological achievements.

Thanks to the urban economic reform, Anhui's industrial and agricultural production in 1985 has been better than any previous year. This year, Anhui's total agricultural output is expected to reach 18 billion yuan, up 17 percent over last year; the province's total industrial output is expected to reach 21 billion yuan, an increase of 20 percent over 1984; and the province's revenue is expected to reach 3 billion yuan, an increase of 23.1 percent over 1984.

In his speech, Governor Wang Yuzhao laid down the projects for reform for 1986. He said that 1986 will be a year in which reform, especially urban economic reform, will continue to develop, and special attention should be attached to the following tasks:

1. Continue to revitalize the enterprises, particularly the large and mid-size enterprises. [Words indistinct] and properly organize various other ancillary reform projects, [words indistinct] and create an even more favorable environment and conditions for enterprises so that they can develop and transform themselves more effectively.

2. Energetically develop the commodity market according to plan, remove administrative and regional barriers, and, with cities as centers, properly organize a multi-layered, efficient, and open commodity circulation network, which links urban and rural areas in Anhui and other provinces in accordance with the rational flow of commodities.

3. Increase the utilization of capital by enlivening its circulation. The use of capital should be appropriately centralized so that it can be more effectively used where it is needed most. Financial and banking departments should pay attention to developing commodity production, and take active measures to expand the financial resources. All localities should learn how to explore, amass, and use financial resources.

4. Continue to restructure the county-level economic system in a comprehensive manner so that the economic growth of various counties can be boosted as quickly as possible after being given greater authority and benefits according to the relevant policies.

The delegates heard a report about the experiences gained by Bengbu, one of the cities in the county designated to experiment with economic reform, and visited a cotton plant, a cigarette plant, a linen plant, a small commodities market, an agricultural market, and a wholesale market.

Hefei and Wuhu cities and a number of enterprises also introduced their experiences in carrying out reform.

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CSO: 4006/488

ECONOMIC MANAGEMENT

RURAL ECONOMIC SERVICE NETWORKS SET UP IN SICHUAN

HK111010 Beijing RENMIN RIBAO in Chinese 9 Dec 85 p 2

[Report by XINHUA reporter Mao Chaojing [3029 2600 2417]: "Rural Economic Service Centers Extensively Set up in Sichuan"]

[Excerpts] Rural economic service centers (companies) with "links to both the economic departments at the higher levels and thousands of households at the lower levels" have been set up in most townships in Sichuan Province. A new trial has been blazed in reforming the rural operations and management structure and in invigorating operations and management.

The setting up of the rural economic service centers (companies) in various part os Sichuan has changed the situation characterized by a "poor, weak, and unstable" contingent of rural economic service workers and stimulated the rapid development of the rural economic service work. The province has a contingent of more than 140,000 rural economic service workers either withdrawn or not withdrawn from production. They support themselves and expand by providing paid services. Last year, the income of the rural economic service centers (companies) throughout the province reached more than 27 million yuan, an average of more than 3,900 yuan for each center (company), thus reducing the burden of the state and the peasants. Because the professional accountants of the rural economic service centers (companies) have undertaken the operations and management and the financial affairs of townships, villages, and groups on a contract basis, the number of rural accountants has dropped by 81 percent, thus reducing the allowances paid to the rural accountants for the loss of working time. The income of professional accountants has also increased by more than 300 percent, thus stabilizing the contingent of rural economic service workers.

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CSO: 4006/488

ECONOMIC MANAGEMENT

NATIONAL TRADEMARK COMMISSION ESTABLISHED

OW051222 Beijing XINHUA in English 1204 GMT 5 Dec 85

[Text] Beijing, December 5 (XINHUA)--A national trademark commission was established here today to investigate ways of improving trademark management.

The inauguration came at the end of a 7-day conference here on advertising and trademark management.

Gan Guoping, deputy director of the State Administration for Industry and Commerce, told the conference that although a number of criminals who had forged trademarks had been jailed, it was vital that crackdown on offenders continued.

The new commission will conduct research and will advise the administration on how to be more effective. It is attached to the China industrial property organization, which is in turn affiliated to a United Nations body.

Gan stressed that to enable better supervision, all manufacturers should print their names and addresses on their trademarks. General terms, such as "Made in China", should be used only on export products, he added.

The rapid development of China's commodity production in recent years had greatly spurred the usage of trademark, Gan noted. There were now more than 123,000 trademarks--an almost 300 percent increase on the 1979 figure.

Producers of coal and agricultural and native produce were now also using trademarks, he added.

Such growth was likely to continue. Therefore efficient and effective supervision of trademarks was vital.

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CSO: 4020/158

ECONOMIC MANAGEMENT

FIRST PATENT CERTIFICATES ISSUED

OW281749 Beijing XINHUA in English 1511 GMT 28 Dec 85

[Text] Beijing, December 28 (XINHUA)--Chinese authorities today issued 143 patent certificates to domestic and foreign enterprises and individuals in a move to protect inventions.

The certificates, issued by the Chinese Patent Bureau, are the first of their kind issued by the People's Republic.

Twenty-seven have been issued to foreign concerns, including ones from Denmark, the Federal Republic of Germany, the Netherlands, Japan, Norway, Switzerland and the United States.

Huang Kunyi, director of the Chinese Patent Bureau, said the issue of patent certificates would help kindle people's enthusiasm for creation and invention. It would also encourage the export of foreign technology to China.

A ceremony here to mark the issuing of the certificates was attended by 600 people, including Chinese Communist Party and Government officials.

Vice-Premier Li Peng told the ceremony that China would strictly observe the patent law, and he urged judicial departments to give it full support.

Ren Jianxin, vice-president of the Supreme People's Court, said in an interview with XINHUA: "Any creation and invention, be it Chinese or foreign, will certainly be protected by Chinese law as long as an application is approved by the patent bureau."

Since China's patent law went into effect in April, the bureau has received more than 14,000 applications--a third of them from abroad.

Dr Aparad Bogsch, director-general of the World Intellectual Property Organization, and other foreign patent officials, sent messages of congratulations to China for today's ceremony.

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CSO: 4020/158

ECONOMIC MANAGEMENT

TIANJIN COMMENTARY CALLS FOR PUNISHING ECONOMIC CRIMINALS

SK240548 Tianjin City Service in Mandarin 0030 GMT 24 Dec 85

[Station commentary: "Give Strict Punishment to Economic Criminals and Ensure the Smooth Implementation of the Policy on Reform and Opening to the Outside World"]

[Excerpt] Over the past few days the municipal people's courts at all levels have held open trials to strictly punish a group of economic criminals according to law. Such a move has displayed the power of the people's democratic dictatorship, frightened the criminals, and inspired the people.

At present, along with the deep implementation of the principles and policies on opening to the outside world and invigorating the economy, our country has witnessed vitality. The political and economic situations are among the best in history. However, under the new situation a small number of persons have engaged in profiteering, corruption, swindling, and other illegal and criminal activities under the pretext of reform. In addition, some political degenerates who have failed to resist the corrosive influence of capitalist ideology have abused their positions and power to engage in corruption, to accept bribes, and to seek personal gain.

Since the beginning of this year the number of economic criminal cases have increased slightly over last year and many of them are major and appalling cases. These economic criminal cases have not only brought great economic losses to the state and the people but have also seriously corrupted the cadre ranks and undermined the building of the socialist spiritual civilization. We should be fully prepared ideologically and should launch resolute and long-term struggle against economic criminal activities.

Our principle for such work is to resolutely deal blows to economic crimes while attending to the practice of opening to the outside world and invigorating the economic and to reform, and to give strict punishment to criminals. The broad masses of Communist Party members, cadres, and the masses should take vigorous action and take part in the struggle against economic criminal activities. We should strive to enhance our ideology and understanding and

punish all law violators in line with the law regardless of their positions or official ranks. Furthermore, we should return all illicit money and articles thus gained to their owners. By no means should we allow them to take advantage economically. Those persons who have been involved in the cases should be given party or administrative disciplinary sanctions according to the seriousness of their cases.

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CSO: 4006/501

ECONOMIC MANAGEMENT

HEILONGJIANG 'SUGGESTS' MANAGERS SENT TO LOWER-LEVEL ENTERPRISE

SK270406 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 26 Dec 85

[Text] While approving and disseminating the suggestion offered by the Organization Department of the provincial CPC committee and by the provincial Personnel Supervision Bureau on selecting and sending some managerial cadres and professional technicians to help develop town and township enterprises, the provincial CPC Committee and the provincial People's Government have stressed: To vitalize our province's economy, an important measure is to select part of the managerial cadres and professional technicians from among party and government organizations, establishments and large state-owned enterprises and then dispatch them to counties, districts, towns, townships, urban neighborhoods, farms, and forestry and livestock farms in order to help them develop town and township enterprises. CPC committees and people's governments at all levels must throw themselves into this work, pay attention to summing up experiences, actually strengthen leadership over this work, and appropriately organize and utilize those cadres and technicians to be sent to lower levels in order to bring their initiative into full play and achieve comparatively good practical results.

The suggestion states: The measure of selecting and sending part of the managerial cadres and professional technicians to help develop town and township enterprises in a well-guided and planned manner has been raised in light of the successful experiences of Jiangsu and Zhejiang Provinces with an aim of meeting the practical needs of town and township enterprises. This is also a strategic measure to change the relatively poor management skills and the comparatively backward technical capacity of our town and township enterprises. Therefore, we must select and send a number of managerial cadres and professional technicians who are urgently needed by town and township enterprises, proceeding from the overall situation of invigorating the provincial economy, in line with the spirit of seeking truth from facts, and in accordance with the practice of needs of town and township enterprises. Before selecting and dispatching managerial cadres and professional technicians, the lower levels should first put forward their demands. Those units which have been assigned the task of selecting and dispatching their personnel to the lower levels should strive to make sure that their personnel will all be competent at their jobs, and will actually be able to help the grass-roots units solve problems.

Who will be selected and dispatched? The answer is: managerial cadres and professional technicians of various party and government organizations, establishments, and large state-owned enterprises, with the stress on in-service personnel. Those personnel, including technical workers, who have already retreated to the second line may also be selected and dispatched, if they want to go. By giving full consideration to their specialties and aspirations, and on the prerequisite of not having to go far, these selected managerial cadres and professional technicians should be dispatched to major town-, township-, district-, and neighborhood-run enterprises in various counties, towns, townships, and districts under the jurisdiction of cities and prefectures, and to various county-level farms, livestock farms and forestry bureaus in order to hold some leadership posts or engage in certain professional technical jobs.

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CSO: 4006/501

ECONOMIC MANAGEMENT

CONSUMERS' RIGHTS LEGISLATION TO BE DRAFTED

HK270917 Beijing CHINA DAILY in English 27 Dec 85 p 1

[Article by Nie Lishang]

[Text] Prompted by the rising tide of shoddy goods, poor services and mounting prices, the state is drafting its first special regulation to protect consumers' rights and interests.

Under the regulation, manufacturers and shops would have to guarantee the replacement or repair of any substandard goods.

And they would also have to compensate the consumer for losses resulting from their defective goods or poor services.

Details of the planned regulation were revealed yesterday at the annual session of the China Consumer Council, attended by several of the country's leading judicial experts, including Gu Ming director of the Economic Legislation Research Centre under the State Council, and Zhang Youyu, vice-chairman of the Legal Committee of the National People's Congress.

The new legislation comes at a time when many factories and shops have taken advantage of the flexible economic policies to turn out poor quality goods or drive up prices to make high profits at the expense of the state and consumers.

In the third quarter of this year, Cheng Chuanhui, director of the State Standardization Bureau said that Heilongjiang Province made a survey of 160 different types of electric appliances produced by 97 enterprises and found only 50 percent of them were up to standard.

A similar sample survey in Fujian Province in the first half of the year showed a mere 40 percent of the appliances examined met specified quality standards.

When he read the report about the results of the surveys on December 14, Cheng said, party general-secretary Hu Yaobang had instructed the State Economic Commission to map out more effective measures to improve the situation.

In an effort to stem the deterioration of product quality, the director said, the state had earlier decided to stop issuing gold and silver medals to reward producers of quality goods, but will instead institute a new system of publicising quality inspections.

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ECONOMIC MANAGEMENT

BRIEFS

HEILONGJIANG LATERAL ECONOMIC COOPERATION--New progress has been made in the economic cooperation between our province and other provinces and municipalities, between cities and counties across the province, and between the enterprises across the province. This year, the province had signed 123 agreements on economic cooperation with units in and outside province, imported more than 200 million yuan, signed more than 2,000 agreements on technological cooperation, and cultivated and invited more than 1,500 technicians and managerial workers. By carrying out the economic and technological cooperation and bringing in technicians from other places, some enterprises become vitalized. Thus far, 650 integrated economic units jointly operated by different trades or different areas with large factories' favorable conditions have developed some key products and helped vitalize some small enterprises. [Excerpt] [Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 30 Dec 85 SK] /6662

ENTERPRISE MANAGEMENT CADRES' TRAINING--Wuhan, 24 Dec (XINHUA)--According to a training work meeting, currently being held in Wuhan City by the China Enterprise Management Association, enterprise management associations at various levels across China have provided training courses for 1.1 million economic management cadres, and sent 652 outstanding enterprise management cadres to study abroad. In order to meet the needs of economic reform in urban and rural areas, the China Enterprise Management Association and enterprise management associations in various localities have listed training of economic management cadres as one of their major tasks. The China Enterprise Management Association has also assisted various localities in setting up training centers to train responsible persons in economic departments, factory directors, and enterprise managers. [Summary] [Beijing XINHUA Domestic Service in Chinese 1139 GMT 24 Dec 85 OW] /6662

CSO: 4006/501

FINANCE AND BANKING

TWO MILLION STUDENTS TAKE OUT LIFE INSURANCE

OW191010 Beijing XINHUA in English 0913 GMT 19 Dec 85

[Text] Beijing, December 19 (XINHUA)--About two million students have taken out life insurance policies since the scheme started in July, according to the People's Insurance Company of China (PICC).

The service mainly caters to primary and middle school students who are more liable to have unexpected injuries and fatal accidents, according to a company spokesman.

Under the insurance scheme, each primary school pupil who pays an annual premium of 1.5 yuan will receive 1,500 yuan after a year in case of death or accident. Secondary school students who pay an annual premium of 2 yuan receive 2,000 yuan.

The insurance covers accidents which happen in or outside school or at home, and whether they occur during school terms or vacations.

PICC, which now provides more than 120 types of domestic insurance policies, paid out 610 million yuan for losses caused by natural disasters in the first nine months of this year.

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CSO: 4020/140

FINANCE AND BANKING

BRIEFS

SICHUAN PEASANTS' EARNINGS--Sichuan, 17 Dec (XINHUA)--The average per capita income for peasants in Sichuan, China's most populous province, increased by 25 yuan this year, compared to the 1984 figure, according to the "Peasant Daily." This was due to the adjustment of the rural production structure, the report said. In addition to the income rise, most farm products registered record output figures. The increase of rape seed, peanuts, and oranges ranged from 12.1 percent to 82.2 percent more than last year. The adjustment also stimulated the development of animal husbandry and rural industry, the daily reported. Renshou County put extra effort into developing grasslands and lakes. As a result, the net income per capita rose by 17.7 yuan. Starting from scratch, it bred 30,000 long-hair rabbits this year and the fish catch increased from 2,500 tons last year to 3,500 tons this year. [Text] [Beijing XINHUA in English 1152 GMT 17 Dec 85 OW] /9599

BANK SAVINGS HIT RECORD--Beijing, 19 Dec (XINHUA)--Bank savings of urban and rural residents in China were reported to have hit a record 150 billion yuan at the end of November, averaging 150 yuan per person. This is 36.49 billion yuan more than at the end of last year of a 30 percent increase. The amount of time deposits increased faster than current deposits, officials from the People's Bank of China said, with the former increasing by 32.6 percent in the first 11 months of this year while the current deposits 22.7 percent. The increase in urban bank savings was faster than that in rural areas. The sharp increase in bank savings was attributed to the raising of interest rates which was done twice in April and August this year. [Text] [Beijing XINHUA in English 0709 GMT 19 Dec 85] /9599

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MINERAL RESOURCES

BRIEFS

GOLD DEPOSIT IN JIANGXI--Nanchang, 18 Dec (XINHUA)--A high-grade gold deposit has been discovered in Jiangxi Province, according to a report by a prospecting team of the provincial geology and minerals bureau here today. The mine can be developed by the open-pit method. It is one of the 50 gold and silver deposits found in Jiangxi since 1980. Geologists also discovered more than 500 other mineral lodes, including a tin deposit--rare in the province--the report said. The province is now the first in silver and second in gold reserves in China. [Text] [Beijing XINHUA in English 0843 GMT 18 Dec 85 OW] /9599

CSO: 4020/140

INDUSTRY

XINJIANG INDUSTRIAL ENTERPRISES SUCCEED IN DEVELOPING TECHNOLOGY

HK220920 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 18 Dec 85

[Text] During the Sixth 5-Year Plan period, the region's industrial enterprises made remarkable achievements in promoting new technology and developing new products. They promoted 82 items of new technology, thereby increasing their profits by more than 15 million yuan. They also developed over 1,500 kinds of new products and over 9,600 types of new designs.

During the period, the region adopted a series of preferential treatment policies in the areas of capital, tax delivery, and so on, and greatly helped the enterprises promote new technology and develop new products.

Some 31 out of the 40 items of new technology which were listed as the focal points for promotion by the Sixth 5-Year Plan were fulfilled. Some 51 items of scientific and technological achievement in seven categories were also comprehensively put to use, thereby promoting the technological advance of enterprises.

With the use of microcomputers, the Xinjiang Machine Tool Factory No 3 remolded a scrapped [words indistinct] lathe so that it greatly improved the intensity of labor and increased the efficiency by two to five times. Furthermore, the reject rate of products was reduced by 50 percent.

With the use of [words indistinct], the 1 August textile factory in Shihezi reduced the time needed for the process of dyeing and reduced power consumption. The latter alone helped the factory increase its annual profits by about 100,000 yuan.

The comprehensive use of new technology and techniques has promoted the development of new products and improved economic results. During the period, some 15 percent of the region's new products reached the advanced level in China, while 43 percent of them filled the region's gaps in science and technology. Of these, 30 were awarded a national prize for being outstanding new products. In 1985, the region's output value of new products accounts for 3.1 percent of the region's gross industrial output value, or 4.6 percent of the region's total amount of profits and tax delivery.

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CSO: 4006/485

INDUSTRY

HEILONGJIANG BALANCING RATIO BETWEEN LIGHT, HEAVY INDUSTRY

Harbin HEILONGJIANG RIBAO in Chinese 24 Oct 85 p 1

[Article by Zhong He [6988 4421]: "Proportion Between Light and Heavy Industry in Heilongjiang Becoming Reasonable; Light Industry Goods Abundant in Consumer Markets"]

[Text] Since the 3d Plenum of the 11th CPC Central Committee, Heilongjiang has made an effort to adjust the ratio between light and heavy industry. Light industry has been actively expanded, production has greatly increased, and quality upgraded. Consequently, Heilongjiang light industrial goods have gradually captured consumer markets.

For many years, Heilongjiang was under the influence of the "leftist" idea of "production before daily life". Thus the proportion between light and heavy industry was out of control as the growth of light industry was rather slow, resulting in shortages of everyday consumer items. This had a serious effect on both economic expansion and the standard of living. After 1979, the government of Heilongjiang adjusted this long-term imbalance between light and heavy industry and placed the growth of consumer goods in a more important position. A "Six Priorities" policies for light industry was instituted; the furnishing of energy, raw materials, funds and technology was guaranteed so that the pace of light industry development could be quickened and the essential imbalance between light and heavy industry redressed. Light industry itself was to develop its own potential through technical renovation and through increasing integrated management as a means to speed up growth. From 1979 through 1984, gross output value of light industry grew at an annual average rate of 10.6 percent, which was 4 percentage points faster than the average annual growth rate for the previous 20 years. That percentage also exceeded the growth rate for heavy industry during the same period.

Since 1979 the quality of Heilongjiang light industrial products has been rising steadily; "hot-selling" local specialties have grown many times over. Between 1979 and 1984, chemical fiber production increased 3.2-fold, woolen fabrics by 87.7 percent, mechanically made paper 66.4 percent, sugar 2.5-fold, dairy products 3.3-fold, and television sets 45-fold. Washing machines and tape recorders started from scratch, but production reached 136,000 washing machines and 57,000 tape recorders in 1984. The production of chemical fibers, flax, machine-made paper, sugar, dairy products, and so on now hold

important places nationally. In 1984 three light industrial items won the National Golden Quality award and 13 items received Silver Quality awards. At the National Light Industry Alcohol competition, Heilongjiang won 23 different product awards, tying Beijing for first place. Because quality has been consistently improving, Heilongjiang light industrial products have a growing reputation in other provinces; Heilongjiang products are becoming increasingly competitive. Because production is growing rapidly and Heilongjiang's markets are already amply supplied, these light industrial products will become dependent upon large sales elsewhere.

Since undergoing adjustment, the ration between light and heavy industry in Heilongjiang has improved dramatically and is essentially in balance. Light industry has climbed from 26.3 percent of the gross industrial product in 1978 to 34 percent in 1984, while heavy industry has fallen from 73.7 percent to 66 percent. Heilongjiang went from 16th place nationally in output value of light industrial products in 1978 to 13th place in 1984. This year Heilongjiang has maintained steady growth in light industry. In the first 9 months of this year light industrial output value increased by 13.4 percent over the same period last year, a growth rate also faster than that of heavy industry. The production of high-quality durable consumer goods and medium-quality textile products increased greatly, resulting in significant economic gains. Heilongjiang's light industry development has had a brief history, so the foundation is still fragile. Nevertheless, the potential is vast and thus positive efforts should be made to develop it.

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CS0: 4006/305

INDUSTRY

GUANGXI'S INDUSTRIAL PRODUCTION STEADILY TAKING OFF

Beijing RENMIN RIBAO in Chinese 11 Nov 85 p 1

[Article by Zhen Shengfeng [6774 4141 6265]: "Fully Grant Rights Due Enterprises; Guangxi's Industrial Production Steadily Taking Off; Important Economic Indicators for First Nine Months Show It Has Caught Up or Passed National Growth Levels"]

[Text] The urban emphasis of the economic reforms has revitalized and invigorated Guangxi, which for so long was at the bottom of the nation in industrial production. The economic gains indicate a trend unseen before.

According to calculations in Guangxi concerning economic gains for industrial enterprises during the first 9 months of this year as compared to last year, the important indexes show that Guangxi has caught up or surpassed national growth levels. Total profits have grown 49.7 percent, taxable profits have increased by 37 percent; profits remitted to higher authorities increased by 42.7 percent and profit taxes remitted increased by 31 percent. While economic gains rose, losses for unprofitable enterprises during the same period were reduced by 21.7 percent (nationally there was a 9.2 percent increase in losses) and unprofitable enterprises decreased by 5.9 percent. During the same period revenues for the entire Guangxi area increased, in comparable terms, by 26 percent, surpassing the total growth for the previous 5 years all together. This year's expected total revenue has already been exceeded 3 months in advance.

Between 1978 and last year, the growth rate of Guangxi's industrial production and government revenue had never reached double figures in one year and had always lagged far behind national averages.

In April of last year, the Guangxi People's government promulgated "Regulations Concerning the Invigoration of Industry" comprised of 12 articles, ranging from man and materials to distribution and marketing, from methods of incentives and penalties to manners of allocation, and from what privileges should be granted to enterprises to the reduction of red tape hampering enterprises. Finally, the policies were enacted and the economic gains accrued. After large and medium-scale enterprises in cities and counties fundamentally restructured their organizations throughout last year, industrial production started to advance. Even some industries that

previously had difficult times due to lack of raw materials showed signs of life. For example, in the steel industry, scrap steel used to lie around waiting to be allocated as a raw material. And if the scrap steel department had not received any scrap steel, the wait could be endless, requiring the enterprise to shut down its furnaces. After policies were relaxed last year, steel enterprises could directly obtain materials for processing. Consequently, what were once nearly idle industries have become overloaded with work, so that production has risen dramatically for all steel enterprises.

Furthermore, many poorly managed, consistently unprofitable enterprises were permitted to operate according to the principle that "all state and collectively run enterprises are responsible for their profits or losses and their tax payments." The result is a score of previously moribund small state run industrial and commercial enterprises have been revitalized.

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CSO: 4006/305

INDUSTRY

HENAN HOLDS MEETING ON PRODUCTION IN PREFECTURES, CITIES

HK150832 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 11 Dec 85

[Text] On 8 and 9 December, the provincial planning and economic committee held a meeting of all prefectures and cities on production, to exchange experiences in work, to analyze the situation in production next year, and to study and work out measures for industrial production and communications next year.

Vice Governor Qin Kcai and provincial planning and economic committee chairman (Zhong Lisheng) attended the meeting and spoke. Comrade Qin Kcai pointed out: The overall situation in industrial production in 1985 has been very good. Production has increased and development has been even. Collective industry has developed quickly. Speed and economic results have simultaneously increased. The economic relations among enterprises and regions have been further strengthened. The light industry has been coordinated with the heavy industry well. Textile industrial production has increased again.

The meeting put forward demands on the quotas for industrial production in the province next year. It is necessary to have a normal and proper speed of development and to have still better economic results. Industrial production must increase by 8 to 10 percent. In the first quarter of next year, 25 percent of the quota for the industrial output value for the whole year must be fulfilled. It is essential to ensure a balanced production and a simultaneous increase in speed and economic results. Economic results must be better than this year. The amount of deficits must be 30 percent less than this year.

Regarding the issue of doing well in production next year, Vice Governor Qin Kcai put forward these demands: It is imperative to improve the quality of products, to develop new products, to economize on energy, to reduce consumption, to make technological progress, to speed up the popularization of modern management, to continue to strengthen economic relations among enterprises and regions, and to ensure safety in production.

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CSO: 4006/485

INDUSTRY

ZHANG JINGFU URGES DELIGENCE IN INDUSTRIAL SURVEY

OW240103 Beijing XINHUA Domestic Service in Chinese 1329 GMT 23 Dec 85

[Text] Beijing, 23 Dec (XINHUA)--In a television and radio broadcast tonight, Zhang Jingfu, state councillor and head of the Leading Group for the National Industrial Survey, pointed out: It is necessary to carry out the national industrial survey beginning next year diligently.

Zhang Jingfu said: The State Council decided to conduct a national industrial survey in 1986. This will be the largest overall industrial survey since the founding of the nation, an important study of state affairs and national strength, and an extremely important basic task to build socialism with Chinese characteristics. Currently, preparatory work for the national survey has been basically completed, thanks to the efforts of various localities, departments, and enterprises. The national survey will officially start at the beginning of next year, that is, in a few days.

In order to do a good job in conducting the national industrial survey, Zhang Jingfu put forward the following three requirements:

1. It is necessary to implement a responsibility system. The heads of the leading groups for the industrial survey at all levels must be held responsible in their own district, department, and enterprise. They must earnestly implement the general plan and various regulations formulated by the State Council's leading group for national industrial survey, and ensure that the task is fulfilled.
2. It is necessary to foster the thinking of quality first. We must persistently seek truth from facts, truthfully reflect the actual situation, combat the unhealthy trend of practicing fraud and ban the malpractice of using two sets of ledgers. Those who earnestly shoulder their responsibilities, work conscientiously and meticulously, and fill the survey forms truthfully should be commended. Those who fail to meet their responsibilities, carelessly fill survey forms and commit errors should be criticized. Those who practice fraud and pay attention to one's own interests, while disregarding the interests of the state, should be seriously dealt with.
3. The leadership at all levels must go deep into basic-level units to help them and provide the necessary supervision, strengthening weak links. In dealing with areas and units which fail to conscientiously carry out their work in their respect, it is essential to adopt effective measures to help them solve their problems within a prescribed time.

INDUSTRY

BRIEFS

HAINAN IRON, STEEL PLANT--With a mandate from the Ministry of Metallurgical Industry and the provincial people's government, the provincial metallurgical industrial company held a meeting in Guangzhou from 30 November to 2 December to examine a report on the feasibility of establishing the Hainan iron and steel combined enterprise. More than 50 specialists and engineering and technological personnel from the departments concerned attended the meeting. The meeting examined and approved a research report conducted by the planning institute of the Ministry of Metallurgical Industry on the feasibility of establishing the Hainan iron and steel combined enterprise. The budgetary investment in the Hainan iron and steel combined enterprise is to be 750 million yuan. The project will be built in two phases. Blast furnaces and a steel rolling system will be built in the first phase. A comprehensive production system with an annual output of 300,000 tons of steel for the building industry will be completed between 1988 to 1990. A production system with an annual output of 440,000 tons of sponge iron will be built in the second phase. The second phase will start in 1990 and is to be completed and put into operation before the end of 1992. [Text] [Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 4 Dec 85 HK] /6662

XINJIANG INDUSTRIAL PRODUCTION DEVELOPS--Xinjiang Region fulfilled the Sixth 5-Year Plan quotas for 25 of the 43 main products covered by the plan, 1 to 3 years ahead of schedule. During the Sixth 5-Year Plan period, our region has regarded energy resources, building materials, light industry, and textile industry as key points of development. The region fulfilled the Sixth 5-Year Plan quotas for 25 main products, including crude oil, raw coal, electricity, hydroelectricity, cement, steel, rolled steel, pig iron, iron ore, coke, sulphuric acid, caustic soda, plastics, machine-made paper, woolen yarn, cigarettes, timber, aluminum, gold, tractors, hand-held tractors, small four-wheel tractors, and tires, 1 to 3 years ahead of schedule. [Summary] [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 20 Dec 85 HK] /6662

GUANGXI BUILDING MATERIAL INDUSTRY--During the Sixth 5-Year Plan period, the building material industry in Guangxi Region has developed relatively quickly. The gross industrial output value of the building material system in the region in 1985 reached 308 million yuan and was 74 percent more than in 1980. The average increase was 8.84 percent a year. The profits and taxes in 1985 were 96.52 million yuan and were 103 percent more than in 1980. The

average increase was 16 percent a year. Output of cement in the region by 1985 reached 3.5 million tons and recorded an increase of 56 percent over 1980. The average increase was 9.24 percent a year. [Summary] [Nanning Guangxi Regional Service in Mandarin 1130 GMT 19 Dec 85 HK] /6662

HAINAN RUBBER INDUSTRY DEVELOPS--Hainan Region now has 83 state-run famrs which regard rubber production as their main work. It is estimated that the rubber tree areas in the region this year will be 833,000 mu larger than in 1980 and output of dry rubber 63.7 percent more than in 1980. The region's annual output of dry rubber accounts for 71 percent of the whole country's gross output. [Summary] [Haikou Hainan Island Service in Mandarin 0400 GMT 20 Dec 85 HK] /6662

HUNAN STEEL OUTPUT--Hunan's iron and steel industry has produced 100,000 more tons of steel than last year with practically no increase in refining equipment. Output exceeded the 1 million ton mark for the first time. Hunan thus became the 12th province in the country with an annual output of 1 million tons of steel. The province's steel industry has greater processing tons of steel a year, but this sector is operating at one-third below capacity. The provincial metallurgical department has therefore guided the enterprises to tap existing potentials in production technology. As a result of modification and expansion, the Lianyuan iron and steel plant has increased its output from 270,000 tons in 1980 to 380,000 tons this year. [Summary] [Changsha Hunan Provincial Service in Mandarin 2300 GMT 22 Dec 85 HK] /6662

HUNAN INAUGURATES POTENTIOMETER PROJECT--The carbon potentiometer project, imported from Matsushita Electronics Industry Company Limited, Japan, by the Hunan potentiometer plant, went into operation today. The inauguration ceremony was attended by the provincial party and government leaders such as Secretary Mao Zhiyong. The import of the project was one of the state's key technological transformation projects during the Sixth 5-Year Plan period. The total investment sum for the project was 17 million yuan. Upon being put into full operation, it can undertake the whole process of production, including the production of carbon film, processing of components, treatment of components and assembling. Its annual production capacity is about 100 million potentiometers. The product is used mainly in the production of color and black-and-white television sets, high-class and ordinary radio and cassette recorders, hi-fi equipment and other electronic devices. Therefore, the project can serve the purpose of producing a complete color television set in China. Following the inauguration ceremony, Mao Zhiyong and other provincial and city party and government leaders visited the production line with enthusiasm. [Excerpts] [Changsha Hunan Provincial Service in Mandarin 1100 GMT 21 Dec 85 HK] /6662

SHANDONG HOUSEHOLD ELECTRIC APPLIANCES--Shandong Province has vigorously developed the household electric appliances industry during the Sixth 5-Year Plan period. In 1985, the total output value of household electric appliances reached 460 million yuan, an increase of more than 600 percent over 1980, showing an average annual increase of 42 percent. The amount of profits reached 35 million yuan, showing an average annual increase of 57 percent. The output of some major products increased by some 100 percent. Comparing

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1985 with 1980, the output of washing machines increased by 12 times, that of electric fans, 3.5 times, that of electric irons, 2.8 times, and that of lamps and lanterns, 12 times or more. Some 14,000 refrigerators were produced during this period. [Summary] [Jinan Shandong Provincial Service in Mandarin 2300 GMT 15 Dec 85 SK] /6662

ANHUI METALLURGICAL INDUSTRY--Anhui Province has overfulfilled its annual plans for steel, rolled steel, iron ore, gold, and other metallurgical products 1 month ahead of schedule. Output was considerably higher than last year. During the Sixth 5-Year Plan period, the average annual rate of increase of production capacity and output of the iron and steel industry was 6.92 and 7.43 percent respectively. The average annual rate of increase of output of rolled steel, steel, iron, and iron ore was 12.08, 6.92, 2.5, and 3.68 percent respectively. Profits earned by metallurgical enterprises increased 11.27 percent, while profits and taxes delivered to the state rose 9.99 percent. [Excerpts] [Hefei Anhui Provincial Service in Mandarin 1100 GMT 12 Dec 85 OW] /6662

JIANGSU FERTILIZER PLANT--By 21 December, Nanjiang's Qixiashan Chemical Fertilizer Plant had produced 300,000 metric tons of synthetic ammonia this year, thus becoming the first of the three fertilizer plants imported from France to produce 300,000 metric tons of synthetic ammonia in a year. In the 1970's, China imported 13 sets of synthetic ammonia producing equipment from abroad, each with an annual capacity of 300,000 metric tons. The equipment at the Qixiashan Plant was imported from France. [Summary] [Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 21 Dec 85 OW] /6662

JIANGSU TELEVISION PLANT--A ribbon-cutting ceremony for an imported color television set production line was held yesterday at the Nantong Television Plant. The production line, imported from Japan, can produce 150,000-210,000 14-, 18-, and 22-inch color television sets annually. [Summary] [Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 21 Dec 85 OW] /6662

CSO: 4006/485

CONSTRUCTION

GUANGZHOU: SOUTH WHARF PROJECT FOR ZHANJIANG PORT COMPLETED

HK260835 Beijing ZHONGGUO XINWEN SHE in Chinese 1418 GMT 25 Dec 85

[Text] Guangzhou, 25 Dec (ZHONGGUO XINWEN SHE)--With the completion of the south wharf project in operating area No 1 of Zhanjiang Port, Guangdong Province, 1 year ahead of schedule, six new 10,000-ton grade deep-water berths have been added.

On 24 December, after examination, a state acceptance group approved this fine-quality project. Now, it has been commissioned.

Being a key construction project of the state's Sixth 5-Year Plan and involving an investment of nearly 200 million yuan, the south wharf project in Zhanjiang Port's operating area No 1 has a total of six 10,000-ton grade deep-water berths and is designed to handle up to 1.85 million tons of cargo a year. This wharf project also includes 39 main projects in its land areas.

Located to the south of Zhanjiang Port's operating area No 1 the south wharf project is connected to the old port areas. With a coastline of 1,377.4 meters and surrounded by water on three sides, this wide protruding wharf can handle the land and water transport of scrap steel, chemical fertilizers, packed grains, bulk grains, cement, and so on.

Among the 39 main land projects, there are 5 warehouses covering a floor space of over 43,000 square meters and 6 large yards covering a total area of over 42,000 square meters. There are also 166 modern automatic loading and unloading machines like the bulk grain cylindrical storehouse system installed with grain elevators, port cranes, and so on. Railroads leading directly to the wharf operating areas total 5,650 meters.

This project was built by the company No 3 of the Navigation Bureau No 4 of the Ministry of Communications.

Officials concerned said the completion and operation of this wharf will play a great role in exploiting petroleum in southwest China and the South China Sea, alleviating pressure on Huangpu Port, and developing water transport in South China.

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CSO: 4006/485

CONSTRUCTION

NORTHERN JIANGSU CANAL DREDGED, IMPROVED

OW260526 Beijing XINHUA Domestic Service in Chinese 0041 GMT 25 Dec 85

[Article by reporter Zhang Xingduan]

[Excerpts] Nanjing, 25 Dec (XINHUA)--After 3 years of intensive work, the improvement project for the northern Jiangsu Section of the Beijing-Hangzhou Canal has yielded multiple effects in transport, water diversion, flood control, and irrigation.

The improvement project for the northern Jiangsu section of the canal began in 1982 and is listed as a key construction project in the Sixth 5-Year Plan.

In the last 3 years, workers have widened the channels on the Huaian-Jieshou, Bulaohe, Huaian-Siyang, and Gaoyou-Lincheng sections, built two-way ship locks at Huaian and Suqian, and basically removed "bottlenecks" from the northern Jiangsu section. With a river-bed width of 60 to 70 meters and a depth of 4 meters, the northern Jiangsu section of the canal has now become a second-class waterway, navigable to 2,000-metric-ton-class ships, and one of the important passages for transporting coal from northern China to the south.

Before the improvement, the canal could transfer water from the Changjiang to Xuzhou at a rate of 15 cubic meters per second. Now, the canal diverts 50 cubic meters of water from the Changjiang to Xuzhou every second in the winter and spring seasons, after a large area of farmland along it is irrigated.

After completion of the improvement project for the northern Jiangsu section of the canal, the stress of the work will be shifted to auxiliary projects, such as ship locks, harbors, bridges, railroad connection projects, communications systems, and shipyards, beginning next year. After completion of all these projects, the canal, "a golden passage," will play an even bigger role in our national economic development.

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CSO: 4006/485

CONSTRUCTION

BRIEFS

GUANGZHOU CITY DISTRICT CENTER--Guangzhou City will build a new town district soon. The foundation stone of the center of the new Wuyang Town District which is on the east of Guangzhou City proper, was laid today. This center will be a comprehensive body of modern commerce, service, culture, and amusement and occupy an area of some 50,000 square meters. Its construction area will be about 150,000 square meters, including a 32-storey office building and a 32-storey building which will have a hotel, a cultural and amusement center, a service department, shops, a product exhibition hall and cinema, and medical facilities. Guangzhou (Dongcheng) Joint Development Company Limited will be responsible for the building and management of this center. The cost of this project will be about \$30 million. It is estimated that the first phase of the new Wuyang Town District--43 houses--can be completed this winter and next spring. [Text] [Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 19 Dec 85 HK] /6662

YUNNAN'S HIGHWAY CONSTRUCTION--During the Sixth 5-Year Plan period, the province scored successes in highway construction. By December this year, the province had newly built and re-built over 12,500 kilometers of highway. About 98 percent of the prefectures and 61 percent of the towns as well as every county, in Yunnan are linked up by highways. The annual rate of good road conditions is increased to 55 percent, or more than 2 times the 1980 rates. With over 20,000 road maintenance workers struggling against harsh conditions, the province's annual rate of bad road conditions is decreased from 15.44 percent in 1980 to 3.9 percent in this year. More than 2 million trees are planted along the highways. The province's total length of highway is over 69,000 kilometers, forming a highway network centered at Kunming. [Summary] [Kunming Yunnan Provincial Service in Mandarin 2300 GMT 22 Dec 85 HK] /6662

ZHEJIANG NEW PIERS--Ningbo, 20 Dec (XINHUA)--A pier designed to handle sundry goods from 10,000-metric-ton-class freighters has been completed in Ningbo, Zhejiang, and was officially put into operation today after being examined and approved by the state. Also examined and approved today was another similar pier for 3,000-metric-ton freighters, and its ancilliary facilities. The completion of these two piers, which are located in Ningbo's Zhenhai port district, will increase Ningbo port's capability of handling sundry goods by about 25 percent. [Text] [Beijing XINHUA Domestic Service in Chinese 1608 GMT 20 Dec 85 OW] /6662

CSO: 4006/485

DOMESTIC TRADE

SHANGHAI PLAYS GREATER ROLE AS TRADE CENTER

OW261248 Beijing XINHUA in English 1158 GMT 26 Dec 85

[Text] Shanghai, December 26 (XINHUA)--As China's leading industrial city, Shanghai is playing a more important role as a center for trade, finance, information, and technology.

The city provides one-sixth of the country's revenue and 40 percent of the industrial products distributed by the state, according to the municipal statistics bureau.

However, in the early 80's, it was challenged by the growth of smaller industrial cities and its out-dated equipment and technology had slowed down the speed of its development as a port city and center of trade. Its housing and transportation problems became increasingly acute.

Shanghai needed to expand its economic relations both with foreign countries and other parts of China.

To update its technology, the city has imported 800 million U.S. dollars worth of equipment since 1983 and absorbed 1.4 billion U.S. dollars of foreign funds during the Sixth 5-Year Plan (1981-85).

By the end of September, over 130 joint ventures, cooperative enterprises, and enterprises with exclusive foreign funds had been set up in the city.

Meanwhile, Shanghai has over the past 5 years set up 2,000 economic entities with 27 provinces, municipalities, and autonomous regions of China in the form of joint ventures, cooperative production and compensation trade. It has also transferred some 6,500 technological achievements to these areas over the same period.

With the output value increasing 13.2 percent annually between 1981 and 1985, the city's service trades, including information services and technical consulting, are expected to account for 26 percent of the municipal economy by the end of this year as against 21 percent in 1980.

Shanghai's industrial output value reached 71.6 billion yuan last year, meeting the target set for the Sixth 5-Year Plan 1 year ahead of time.

This year, the figure is expected to exceed 82 billion yuan, resulting in an annual growth rate of 7.1 percent from 1981 to 1985.

During the same period, the city built almost 20 million cubic meters of housing. On an average, the income of each wage earner is expected to reach 1,280 yuan this year, a 48 percent increase over 1980.

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CSO: 4020/156

DOMESTIC TRADE

CHONGQING FAIR SENDS GOODS THROUGHOUT CHINA

Beijing RENMIN RIBAO (OVERSEAS EDITION) in Chinese 31 Oct 85 p 3

[Article: "Buy Many Goods in One Location; Trade Activity Brisk in Chongqing's Commodity Exchange Fair"]

[Text] After 15 days of intense trading, the first commodity trade fair held this September in the Chongqing Industrial Trade Center for goods from Sichuan, Yunnan, Guizhou, Guangxi and Chongqing showed an outstanding total trade volume of 182.64 million yuan, and gave a preliminary demonstration of the great future in store for the utilization of the trade center to organize commodity exchange.

Participants in the fair came from 479 industrial and commercial enterprises from 24 provinces, cities and autonomous regions across the country. More than 100 other participants from industrial enterprises from all provinces and cities arrived after the fair began when news reached their localities of the opportunities presented. According to statistics, the value of the supply of goods at the fair was more than one billion yuan. There was a great variety of products such as educational products, department store goods, knitted goods, hardware, machinery and electrical goods, home electronics, automobiles, chemicals and machine equipment, for a total of more than 80 thousand types. Buyers said, "It is really convenient to be able to buy anything you want under the same roof!"

Sales of goods at the trade fair far exceeded the scope of the immediate area. Twenty-one percent of the products sold at the fair went to Tibet, Xinjiang, North China, the Northeast and various coastal locations, in addition to the 53 percent sold to Sichuan, the 10 percent sold to Yunnan, the 12 percent sold to Guizhou, and the 4 percent sold to Guangxi. More than 50 percent of products from Chongqing in particular were sold to faraway border regions. Tibet and Xinjiang showed a special interest in Chongqing's motorcycles, high-quality shoes, knitting wool, watches and electronic goods.

1221/12859

CS0: 4006/457

DOMESTIC TRADE

BRIEFS

STATISTICS RELEASED ON URBAN TRADE CENTERS--It was revealed at the recent Experience Exchange Conference on Finance and Trade for 24 Cities Nation-Wide that 1,645 urban trade centers have at present been established in China; 999 are industrial products trade centers and 646 agricultural by-products trade centers. Three types of centers exist: wholesale enterprises, centers that both operate businesses and provide space and various other services, and centers that primarily provide of services while performing a small amount of business. [Text] [Beijing BEIJING RIBAO (OVERSEAS EDITION) 12 Nov 85 p 1] 12221/12859

CSO: 4006/357

FOREIGN TRADE AND INVESTMENT

ZHEJIANG OVERFULFILLS ANNUAL EXPORT PLAN

OW261018 Beijing XINHUA in English 0834 GMT 26 Dec 85

[Text] Hangzhou, December 26 (XINHUA)--Zhejiang Province, east China, had topped its annual export plan by December 10, according to local authorities.

By that date, the province had exported goods valued at more than 810 million U.S. dollars, 17.9 percent more than in the same 1984 period.

The value is expected to exceed 850 million U.S. dollars by the end of this year, and this will push the province from thirteenth place to eighth in China.

Zhejiang exports to 120 countries and regions 800 varieties of goods, covering silk, tea, textiles, clothing, chemicals, minerals, machines, oil, cereals, food, aquatic products, animal by-products, wine, and arts and crafts.

The total export value amounted to 3.25 billion U.S. dollars over the past five years.

Zhejiang has approved 34 joint ventures, 17 cooperative enterprises and 26 compensation trade projects with foreign business interests, involving a total investment of 133 million U.S. dollars.

Both the number of joint ventures and investment exceeded the total for the previous six years.

Three of 10 joint ventures to be run in foreign countries, including a furniture company in Canada, have been approved by the Ministry of Foreign Economic Relations and Trade.

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CSO: 4020/153

FOREIGN TRADE AND INVESTMENT

JILIN EXPORTS INCREASE 53.2 PERCENT IN 1985

OW281657 Beijing XINHUA in English 1433 GMT 28 Dec 85

[Text] Changchun, December 28 (XINHUA)--Jilin Province's export were worth 380 million U.S. dollars this year, according to the provincial authorities.

This is an increase of 53.2 percent over last year, the official said.

Jilin, one of China's three northeastern provinces, started exporting goods by itself in 1980.

It increased the number of export products from 232 in 1980 to 370 in the last five years.

Soybeans, maize and ginseng from Jilin have found their way to the international market, becoming the backbone of the provincial export products, which are worth above 10 million U.S. dollars each.

Maize accounts for half the province's exports. The figure soared from 400,000 tons in 1984 to 1.8 million tons in 1985, making Jilin China's biggest exporter of the grain.

Jilin's cotton yarn and frozen beef sell well in Hong Kong and overseas. Beef surpassed the export target by 2,000 tons this year.

The market for Jilin's export products has been extended to Hong Kong, Macao, Japan and the Soviet Union. Exports this year to Japan have topped 100 million U.S. dollars, accounting for 30 percent of the provincial export volume.

In the last five years, Jilin has conducted technological exchanges and negotiations with over 300 business firms from 28 countries and regions.

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CSO: 4020/154

FOREIGN TRADE AND INVESTMENT

FURTHER EXPANSION OF EXPORT LICENSING TO HONG KONG, MACAO

HK310950 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement) in English 31 Dec 85 p 1

[Article by Olivia Sin]

[Text] China has decided to further expand its export licence scheme to curb the excessive flow of parallel goods--items exported through unofficial channels and without documentation--to Hong Kong and Macao, a Chinese official said.

The deputy director of the Guangdong Provincial Planning Commission, Mr Wang Weiguang, said yesterday the decision was made by Beijing leaders recently.

Details of the scheme and its implementation rules are, however, being worked out.

Mr Wang said China will cut down on the export of items which are bountiful in Hong Kong and Macao to avoid cut-throat competition.

He said the tighter control was aimed at protecting the interests of local traders.

Trading sources said China may place hundreds of its export commodities under control to bring its "chaotic" foreign trade back in order.

Observers said the export licence system will also help China to tighten control over items limited by quotas set by overseas markets like the U.S. and European Economic Community.

Chinese officials have in the past admitted the difficulty in keeping a tight rein over the export of quota items by various provincial units.

Mr Wang, the head of a high-level official delegation from Guangdong, is here to promote an economic investment symposium staged by the province.

The symposium, which will start on Saturday at the Hong Kong Exhibition Centre, will seek to attract investment in 83 projects put up by various parts of the Guangdong Province.

Parallel goods are often sold at prices much cheaper than the official exports.

Following strong complaints from local businessmen, China took measures to control its export trade earlier this year. As a result, the licence system was extended to 21 export commodities bringing the total number of controlled exports to 151.

Senior Chinese trade officials said the export licence scheme together with more stringent customs checks have proved to be effective in tackling parallel trading.

It is understood that the decision to expand the licence scheme was made after a nation-wide conference on foreign trade last month in Taiyuan, the capital of Shanxi.

The leftwing WEN WEI PAO, quoting unnamed sources, said over the weekend three kinds of export licences will be imposed on Chinese exports destined to Hong Kong and Macao.

The three were referred to as export licences requiring special permission, export quotas licences and general export licences.

Sources said strategic and scarce commodities like oil, coal, uranium and tungsten are those that require special permission to export.

Those that form China's major exports, like textile and food items, will require either the quota licence or general licence.

Nevertheless, sceptics are doubtful of the effect of the export licence system which they said is open to abuses by corrupted officials.

Besides, they said the official trading channels are not adequate to cope with China's flourishing agricultural and industrial production and state-owned units will be tempted to find ways to by-pass the licence system.

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CSO: 4020/154

FOREIGN TRADE AND INVESTMENT

JIANGXI PROVINCE INCREASES FOREIGN COOPERATION

OW091028 Beijing XINHUA in English 0730 GMT 9 Dec 85

[Text] Nanchang, December 9 (XINHUA)--Jiangxi Province is 2.7 times importing more technology and equipment this year than last, a provincial official said here today.

The 118 items, valued at 56 million U.S. dollars, will help turn out one billion yuan of an extra output value when put into operation.

A total of 165 projects have been approved using one billion U.S. dollars of foreign investment, 19.7 fold as much as last year. Sixteen have gone into operation.

The province has attracted also investment easing its energy shortage. Its electricity network joined that of central China in 1983. Four thermal power generating units with a combined capacity of 500,000 kilowatts have gone into operation, bringing the provincial generating capacity up to 2,150,000 kilowatts.

Jiangxi has opened two air routes this year and added additional flights on Nanchang-Beijing and Nanchang-Guangzhou air routes. The Anhui-Jiangxi railway, which was opened to service last June, has alleviated the burden on Zhejiang-Jiangxi and Yingtan-Xiamen railways.

A 10,000-line program controlled telephone system is being installed in Nanchang and is scheduled to go into service next year.

In addition, Jiangxi has expanded the number of hotels in its major industrial and tourist cities.

While attracting foreign investment, the province has set up joint venture enterprises in Japan, the Federal Republic of Germany and Hong Kong. It has also signed letters of intent on making investment in South Dakota and New York in the United States.

located in the hinterland of the south of the lower reaches of the Yangtze River, Jiangxi abounds in natural resources.

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CSO: 4020/153

FOREIGN TRADE AND INVESTMENT

FOREIGN FUNDS, TECHNOLOGY SPUR SHANGHAI GROWTH

OW300758 Beijing XINHUA in English 0700 GMT 30 Dec 85

[Text] Shanghai, December 30 (XINHUA)--The introduction of foreign funds and technology is helping Shanghai to modernize traditional industries and expand service trades, a city official said.

The city has attracted 1.2 billion U.S. dollars in foreign funds since it was granted greater decision-making powers on foreign investment and trade last year.

Work is now under way on 27 joint-venture hotels and apartment blocks for foreign business people, and 49 service company buildings, said the official of the municipal commission for foreign economic relations and trade. These will use up 930 million dollars of foreign investment.

Among them are an international trade center, the Hongqiao Hotel and the Jingan-Hilton Hotel. Fifteen of the buildings will be 30 or more storeys high.

Seventy Sino-foreign joint ventures, cooperative businesses and enterprises with sole foreign investment have gone into operation, and another 80 are being built.

The official gave the Shanghai woolen textile company--a joint venture with a Hong Kong firm--as an example of a successful business.

The company has generated 13,400,000 yuan in profits and taxes and has developed 2,000 varieties of woolen sweaters in its first four years.

Since last year, local authorities have signed contracts worth 860 million dollars for 830 development schemes, involving the import of foreign technology and equipment. Of these, 312 have already been completed, and have boosted the city's output value by 600 million yuan a year.

Municipal authorities have decided to concentrate foreign technology on modernizing such traditional industries as food processing, plastics, printing, electrical appliances, textiles and metallurgy.

The printing industry now uses computers for photocomposition, and knitwear mills have upgraded 18,000 items of equipment.

The introduction of technology from Federal Germany has enabled the Shanghai Zhengtai rubber factory to produce "Huili" meridian tires, which are considered to measure up to advanced international standards. They are exported to 58 countries and regions.

The official said Shanghai's research institutes were applying foreign technology to developing microelectronics, optical fiber communications, lasers, oceanographic engineering and robots.

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CSO: 4020/154

FOREIGN TRADE AND INVESTMENT

U.S. FIRM TO SUPPLY UNDERWATER ROBOT TECHNOLOGY

OW141312 Beijing XINHUA in English 1257 GMT 14 Dec 85

[Text] Beijing, 14 Dec (XINHUA)--On behalf of the Shenyang Institute of Automation, the Oriental Scientific Instruments Import and Export Corp. under the Chinese Academy of Sciences signed an agreement here today with Perry Offshore Inc. of the United States on importing underwater robot manufacturing technology.

Signing the agreement were Li Shouxiang, manager of the Chinese corporation's technology department, Jiang Xinsong, director of the Shenyang Automation Institute, and Jon Newman, vice-president of Perry Offshore, Inc.

According to the agreement which will remain valid for 15 years, Perry will provide the Shenyang Automation Institute with the technology for manufacturing Recon-IV type underwater robots.

The Recon-IV type robot, 2 meters long, 0.8 meters wide, 0.9 meters high, and 451 kilograms in weight, can dive to a depth of 300 meters.

It can be used in offshore oil exploration, marine rescue and salvage, marine farming, and river dam inspection.

The Recon-IV type underwater robot consists of four parts, namely, control consoles, tether management system, handling system, and the vehicle.

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CSO: 4020/153

FOREIGN TRADE AND INVESTMENT

RESPONSIBILITY FOR FACTORY'S FAULTY EQUIPMENT DISCUSSED

PRC Blames U.S.

BK060805 Hong Kong SOUTH CHINA MORNING POST in English 6 Dec 85 p 12

[Article by Albert Chan and Timothy Jim]

[Text] It is already two years behind schedule and an ambitious HK\$280 million fibre board production factory in Fuzhou is still beginning the Bank of China to extend its credit and delay repayment.

And while the source of the problems in the factory has yet to be confirmed, officials are blaming imported faulty equipment from the United States for the delays.

The situation is so serious that Mr Hu Yaobang and other top Chinese leaders have been forced to intervene.

According to factory officials, Hk\$5.9 million has already been paid in compensation by the Americans but it is said to be nowhere near enough to cover costs.

And Chinese sources described the economic blow the factory has brought to the state as "immeasurably huge."

Instead of being in full production exporting boards to earn vital cash and pay off its loans, the factory has not sold a single board and is still only engaged in experimental production.

Even when it starts production, it will face another problem. The price of fibre boards has dropped considerably in the past two or three years because of a worldwide slump in the property market.

An official said it means expected returns for the factory will be lower than original estimates.

The Fuzhou Man-Made Boards Factory is no ordinary local establishment. It is a joint venture between the Forestry Ministry and the Fujian provincial government.

And as the first enterprise in Fujian Province to bring in foreign and expensive technology, the troubled factory is now causing concern not just in Fujian but also Beijing.

Mr Hu Yaobang, Chinese Communist Party General Secretary, was alerted to the problem and recently sent "important directives" to the factory--demanding "a quick correction of mistakes."

Even with the intervention of Mr Hu and a special injection of 3.5 million yuan (about Hk\$8.7 million), it is uncertain when commercial production can begin.

One official said: "Of course we want to start production as soon as possible but we can't start until the Americans come here to repair the faulty parts.

"They have said a team will come early next year but there is no definite date and so there is no definite date for production either."

The plant will be manufacturing medium-density fibre boards which are similar in appearance to ordinary wooden boards but are cheaper to produce and said to be of better quality. They can be used for anything, but mainly for interior decoration--in doors and furniture.

It is hoped the boards will one day replace wood as the main raw materials for interior decoration.

Washington Iron Works Incorporated, an American company located in Seattle, is the contractor to supply U.S.\$10 million (about Hk\$78 million) worth of equipment and its job is to liaise with other U.S. factories to custommake the needed equipment.

Much of the faulty equipment is manufactured by various U.S. factories other than Washington.

The factory has caught attention nation-wide partly because medium-density fibre board is a relatively new product in international markets and there are only 30 to 40 factories in the world that make it.

Construction of the plant began in August 1981 and machinery installation began in April the following year and was completed in September the same year.

Commercial production was scheduled to start before the end of 1983 but boards produced in the trial run were poor quality.

It was soon discovered the machinery was not operating properly.

First, the boiler would not ignite. Factory engineers managed to start it after some time and effort but logows was followed by leaks in the boiler's water pipe.

These two problems held up production for six months and have consequently increased the fibre board's production costs.

The boiler now cannot solely use coal produced in Fujian Province. Supplementary coal instead has to be mixed with supplies brought from the northern provinces which means higher costs because of transport involved.

There were also problems with the power transformer which was damaged and was subsequently found by the Chinese to be old equipment. That meant another month's delay.

To cap it all, a drying tube caught fire during operation and led to four more months' delay.

The total agreed compensation from the U.S. company is U.S.\$760,000 (about Hk\$5.9 million).

But said a Chinese source: "It was nothing compared with our loss."

Sources said the U.S. company told the Chinese it was unable to repair the boiler and agreed to pay compensation totalling U.S.\$292,500 (about Hk\$2.28 million) and U.S.\$300,000 (about Hk\$2.34 million) for the drying tube.

The contract signed between the Chinese and the U.S. company stipulated that 10 percent of the total equipment price was to be paid when the contract was signed.

When the equipment reached China the factory had to pay another 80 percent--- and the balance after commercial production began.

One Chinese official said it is now considered the payment of 80 percent was "a bit too high."

He added: "We agreed to it probably because of the lack of experience on our part during negotiations."

They began in 1979--just months after the Third Plenary Session of 11th Central Committee of the Communist Party when Mr Deng Xiaoping regained his influence and China declared its open-door policy.

The factory is also having difficulty in repaying interest on the U.S.\$10 million (about Hk\$78 million) loan borrowed from the Bank of China.

One factory executive said: "There wouldn't have been any problem if we had started production and export of boards in 1984 but we still have not sold a single piece.

"We are already negotiating with the bank to see if it is possible to defer repayment," he added.

The minister of forestry, Mr Yang Zhong, went to Fujian in late October in a bid to salvage the project.

He also brought along "important directives" from Mr Hu to the factory management.

Meetings were held between the deputy governor of Fujian Province, Mr Yao Dexin, officials of the factory and Mr Yang in Fujian.

The central government has given a quota to the factory to turn out 25,000 sq metres of fibre boards next year, with 10,000 sq metres to be exported to generate foreign exchange.

The state has also pumped in 3.5 million yuan (about Hk\$8.7 million) to the factory.

Although officials in the provincial government said the factory is aiming at producing fibre boards on a commercial scale by the first half of next year, officials at the factory were less optimistic.

"We don't know when the Americans are coming and we cannot start until they are here and have made necessary repairs," one said.

Blame Each Other

HK060819 Hong Kong SOUTH CHINA MORNING POST in English 6 Dec 85 p 12

[Article by Albert Chan and Timothy Jim]

[Text] Who is responsible for the Fuzhou Man-Made Board Factory fiasco?

The Americans are tight-lipped about the situation. But according to some reports, inexperienced Chinese engineers were dispatched to the U.S. to check and take delivery of the faulty equipment--but were unable to detect faults when they checked it.

One senior factory official said the Chinese team sent to the United States to examine and take delivery of the equipment did not even have a chance to inspect what they were buying. It had been packed for shipment by the time they arrived.

"There was a delay in issuing passports for members of the Chinese team and when we finally arrived in the U.S. it was already too late," said the official who asked not to be named.

Asked if the Americans had deliberately sold faulty machinery to the Chinese, he said both the Chinese and the Americans should be responsible.

Meanwhile corporate changes took place around a year ago to the original supplier, Washington Iron Works Incorporated.

The site where the company was situated was taken over by the local government and the original company is now virtually non-existent. Its product lines are now in the hands of several companies and one of them, Col Manufacturing, is now the party negotiating with the Chinese.

Mr Jerry Penner, a senior official with Col, refused to disclose any details about the troubled factory.

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CSO: 4020/155

FOREIGN TRADE AND INVESTMENT

GUANGXI HOLDS SUCCESSFUL COMMODITIES EXHIBITION IN HONG KONG

HK120847 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement) in English 12 Dec 85 p 1

[Text] Foreign buyers signed 400 contracts worth U.S.\$60.3 million during the 10-day Guangxi Export Commodities Exhibition which ended in Hong Kong yesterday.

This was stated by the deputy secretary-general of the Guangxi sub-council of the China Council for the Promotion of International Trade.

Of the orders, \$10.2 million was for cereals, oils, and foodstuffs, \$15.1 million for metals and minerals and \$9.2 million for native produce and animal by-products.

But observers expressed doubts about the ability of Guangxi executing all the orders as, beginning next year, all exports will be gradually covered by licenses under a central government quota system.

The licensing and quota system will take away certain rights of local authorities to sign export contracts with foreign companies.

Although discussions are underway on how to implement this system, observers said some of the Guangxi products contracted for sale during the exhibition are likely to be affected.

From next year, only the central government will exercise the right to sign contracts with foreign firms for the export of metals and minerals.

The centre will also control most of the exports of native produce and animal by-products, which observers say is a step to curb the outflow of parallel goods.

Mr Yen said most of the products on sale at the exhibition fell within the quotas granted by the centre for next year.

He said items not covered by quotas will be shipped out before the end of this year, an uphill task, in the eyes of the observers, to be fulfilled in two weeks.

They said although China's Seventh 5-Year Plan calls for increased exports of light industrial products, Guangxi seems to be boosting sales of only primary products.

They said exporting primary products hurts China's economy since they have to be sold at prices lower than that obtained on the domestic market.

Some China traders said there won't be a big problem shipping out the products before year-end as it is common in China to have the delivery date postponed or meeting it by getting "special treatment."

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CSO: 4020/153

FOREIGN TRADE AND INVESTMENT

PRC DOMESTIC ENTERPRISES SEEK 'SELLER CREDIT'

HK110649 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement) in English 11 Dec 85 p 5

[Article by Paul Sham]

[Text] China's domestic enterprises want seller credit to buy foreign products, according to local bankers and businessmen trading with the mainland.

They said this credit demand, along with the leasing business, was prompted by the country's clampdown on foreign exchange spending which led to a cut in loans by the Bank of China [BOC].

With foreign seller credit, domestic enterprises stand a better chance of getting government approval for the purchase of imports as payment is usually by instalments.

Another advantage is that the firms can pay with the earnings from the sale of the imported machinery or equipment, thereby meeting the government's control on foreign exchange spending.

Sources said the willingness of Chinese enterprises to seek seller credit is also due to the narrowing gap between the loan rates of the BOC and foreign banks.

Previously, the BOC charged about four to five percent a year while the consensus rate of export credit to China is 9.85 percent.

A senior executive of Standard Chartered Asia said that in the past China's domestic enterprises preferred loans from the BOC, but the trend now was to seek foreign loans.

He said it is now common for foreign suppliers to arrange for financing when doing sales with China.

A director of Jardine Engineering Corp., Mr Phil Fanning, said the company is negotiating with several finance firms and banks to offer credit lines for its Chinese clients, although it does not encourage such arrangements.

He said such a measure is one way of expanding business operations in China since Hong Kong traders do not have credit backing from their government.

The chairman of Renful Computer Ltd., Mr Paul Yip, said the growing demand for seller credit is "quite natural" as China's domestic firms lack the financial backing to make purchases overseas.

"If the BOC will not give them (domestic enterprises) loans, they will have to get the money elsewhere," he said.

Mr Yip added that such financing will not lead to abuses by the Chinese firms as happened earlier this year.

"Both the control measures of the Chinese authorities and the management of companies have been put on the right track," he said.

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CSO: 4020/153

FOREIGN TRADE AND INVESTMENT

LEASING DEAL, SIGNED BY XIAMEN ENTERPRISES

HK040655 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS supplement) in English 4 Dec 85 p 5

[Article by Cecilia Ko]

[Text] A group of banks led by Trilease International Ltd. has signed a syndicated leasing agreement with Xiamen Overseas Chinese Electronic Corp. [XOCEC] for the purchase of electronic production lines.

A spokesman for Trilease said yesterday it is the first time a China enterprise has made use of syndicated leasing to import machinery and equipment.

He believes this new form of leasing arrangement is a good way for China to raise funds for big infrastructural and energy projects, especially given the tight control of foreign exchange spending at the moment.

Under the agreement, the banks will provide jointly as much as U.S.\$321 million for buying the equipment and leasing to the China user.

The spokesman said the fund will be drawn down in two stages, with the first tranche of 310 million provided by five banks--China State Bank, Bank of East Asia, Kleinwort Benson, Societe Generale and Trilease.

The second tranche will be drawn down according to the needs of the China user.

XOCEC is a joint venture between the Hong Kong-based Conic Investment group, Xiamen Electronic Bureau, and the Xiamen Economic Zone United Development Corp. which was set up in October last year.

The company operates 13 factories in Xiamen manufacturing products ranging from colour television sets and recorders to electronic parts.

A Trilease spokesman said the equipment being leased includes production lines installed in three factories.

The agreement will last for seven years during which the lessee will pay a monthly rental.

At the end of the contract, the equipment will be sold to the lessee at a nominal value, as happens with other finance lease agreements.

The spokesman said as a significant portion of XOCEC's products are for export, the company will be able to obtain foreign exchange for the rent.

As China has tightened control on foreign exchange spending, leasing is a suitable way for China enterprises having the foreign exchange earning power to import equipment, he added.

He also said a syndicated leasing deal differs from an ordinary leasing transaction in that more banks provide for the funding.

He believes as many foreign banks are keen on the China leasing market and a vast amount of capital is required for the priority projects under Beijing's 5-Year Plan, syndicated leasing will become a popular form of financing on the mainland.

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CSO: 4020/153

FOREIGN TRADE AND INVESTMENT

OFFICIAL URGES 'SPECIAL DEAL' FOR OVERSEAS CHINESE INVESTORS

HK130647 Hong Kong SOUTH CHINA MORNING POST in English 13 Dec 85 p 10

[Article by Ophelia Suen, Albert Chan and Timothy Jim]

[Text] Overseas Chinese investing in Fujian should be able to win a share of China's domestic market--and have their products' international wholesale rights specially protected at the same time.

The special deal was urged recently by the new deputy provincial head of Fujian, Mr Chen Binfan, who was the former chairman and general manager of Fujian Enterprise (HK) Ltd.

He said that as Fujian is one of the two provinces in China which implements special policies and flexible measures, it must be able to work in accordance with its uniqueness by linking foreign economic activities with its administration of overseas Chinese affairs.

Fujian is second among all provinces in China with strong overseas Chinese connections.

It is estimated that between six to seven million people originating from the province are now scattered around the world.

Mr Chen believed that ethnic Fujianese all share the hope that their homeland can become prosperous as soon as possible and that they are willing to contribute towards that goal.

"So to open, we must first open to overseas Chinese. As to economic privilege, we must first grant it to ethnic Chinese who invest in their homeland," Mr Chen said.

But he cautioned against the so-called "green eye disease"--jealousy against investors who make money in the provinces.

Also essential to the province's economic development is that its foreign economic activities be linked with foreign trade, Mr Chen said.

"It is wrong if people in charge of technology transfer cut themselves off from trade, or people in charge of trade cut themselves off from investment."

Instead trade must be so developed to promote investment and investment will in turn nurture trade, he said.

Mr Chen said that one area for foreign trade is through acquiring sophisticated overseas equipment to help produce new high quality products and eventually invade international markets--leading to greater progress in foreign trade.

He said: "Once foreign trade has been developed, it can also promote investment and technology transfer."

Mr Chen stressed that to adjust to the need of such new foreign economic situations, there must be a strong team of personnel that not only knows China's present policy and direction, but is also familiar with foreign economic activities.

The team must be able to handle matters in accord with international code and practices, as well as in line with China's domestic situation. It should also preferably consist of people who have a good grasp of one or two foreign languages.

Fujian will be sending students for overseas study and training as well as inviting foreign experts to the province as two ways of improving the capability of such a team.

Mr Chen believes Fujian's foreign economics and trade have improved year by year.

Since implementing special policy and flexible measures six years ago, the province has strengthened its infrastructure for transport, postal and telecommunications, water and power supplies as well as tourism.

This in turn has created an investment environment enabling businesses and investment to be conducted with greater convenience, Mr Chen said.

Between 1979 and June this year the province signed about 753 contracts amounting to U.S.\$640 million (about HK\$4.9 billion) with overseas Chinese and foreigners.

Among these included 19 loans of over U.S.\$1.37 million (about HK\$1.06 billion), 577 direct investment amounting to U.S.\$470 million (about HK\$3.6 billion), 157 credit financing of U.S.\$30 million (about HK\$234 million).

Meanwhile, Mr Chen also said several major characteristics had emerged this year in investment in the province.

The average project scale has become larger. For instance, there are 10 U.S.\$10 million (about HK\$78 million) investments and a hundred U.S.\$1 million (about HK\$7.8 million) investments.

The number of investment items has grown from electronics, light industrial plastics, tourist industry, arts and handicrafts to include textiles, construction, telecommunications, food processing, iron and steel, energy, transportation, and finance.

The investment also covers a larger area, from coastal cities to 18 counties and towns in inner areas.

Fujian has also made a good start on technology transfer, foreign trade, consignment of overseas projects and labour exports.

Mr Chen said: "So we can say that Fujian has entered a new development phase in its foreign economic activities."

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CSO: 4020/153

FOREIGN TRADE AND INVESTMENT

GUANGDONG OFFICIALS ADDRESS SEMINAR IN HONG KONG

HK010540 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement) in English 1 Jan 86 p 1

[Text] Guangdong concluded 6,678 contracts with foreign businessmen with a total investment value of U.S.\$517 million in the first nine months of last year, senior provincial trade official said.

The deputy director of Guangdong's foreign economic relations and trade commission, Mr Zhang Lie, said foreign investment has helped the province to upgrade its industries, penetrate overseas markets and create jobs.

Between 1979 and 1984, the province signed more than 50,000 contracts carrying a total investment of 1.94 billion, he said.

Mr Zhang is a member of a high-level Guangdong delegation visiting Hong Kong to promote an investment symposium to be staged here soon.

Addressing a seminar held by the Trade Development Council on Monday, he said the scale of foreign investment in the province has increased in the past few years.

"The value of investment projects has grown from several thousands of dollars in the past to several millions or hundreds of millions," he said.

More investors are now interested in putting money into export industries and high-technology production in the province, he said.

Guangdong's exports in the first nine months of last year reached 1.97 billion and the full year's figure will be substantially higher, he forecast.

For the whole of 1984, exports were worth 2.42 billion.

The head of the delegation, Mr Wang Weiguang, who also addressed the seminar, said Guangdong will concentrate its efforts on five key areas in China's five-year plan for 1986-90.

These will be infrastructural development, including energy and telecommunications, technical renovation of backward industries, development of advanced industries, such as electronics, introduction of advanced agricultural technology and development of service industries.

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CSO: 4020/154

22 January 1986

FOREIGN TRADE AND INVESTMENT

SINO-SOVIET BORDER TRADE SHOWS 12-FOLD RISE OVER 1983

HK040715 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement) in English 4 Dec 85 p 5

[Article by Paul Sham]

[Text] Border trade between the Soviet Union and the Inner Mongolia Autonomous Region of China has jumped 12 fold this year compared with 1983, according to a senior official.

The assistant director of the region's Foreign Economic Relations and Trade Department, Mr Song Huanwu, told reporters yesterday border trade had risen to 42 million Swiss francs (about HK\$157.2 million) this year from three million francs in 1983.

The Soviet Union prefers this trade to be conducted in Swiss francs.

Mr Song was speaking at the opening of the region's representative office and its trade and investment meeting in Hong Kong.

Mr Song said trade between Inner Mongolia and the Soviet Union resumed in 1983 after a 14-year break, a result of sour Sino-Soviet political relations.

Besides Inner Mongolia, two other territories--Heilongjiang and Xinjiang--also have border trade with the Soviet Union.

Mr Song said the trade is on a barter basis, with a "fairly well maintained" trade balance.

Major imports from Russia are electrical household appliances, cement, wood, refrigerators, steel and cars while Inner Mongolia exports food and light industry products.

Mr Song said trade between Inner Mongolia and Outer Mongolia is moving on the right track although the current volume is minimal.

Business activity between the two places started this year, and the volume is expected to reach about 600,000 francs.

Mr Song said the volume is low as Outer Mongolia has few export items. But, business is expected to pick up, he said.

Mr Song said China will encourage trade with the Soviet Union and Outer Mongolia on the principle of mutual benefit.

The director of Inner Mongolia's planning committee, Mr Eerdun, said the region has reached agreement on a US\$150 million syndicated loan with a French bank. The loan is to finance the building of a 835 km railway linking Jining and Tongliao.

He said the construction cost of the railway is estimated at 900 million yuan (HK\$2.21 billion).

The loan carries an interest rate of 5.5 percent and is repayable in 16 years with a three-year grace period.

Repayment will be through the export of coal.

Mr Eerdun said 350,000 tons of coal will be exported each year.

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CSO: 4020/154

FOREIGN TRADE AND INVESTMENT

SWEDISH OFFICIAL ON FUTURE TRADE WITH CHINA

OWO41336 Beijing XINHUA in English 1247 GMT 4 Dec 85

[Text] Beijing, December 4 (XINHUA)--Visiting Swedish Minister of Foreign Trade Mats Hellstrom expressed optimism about the future development of trade and economic cooperation between Sweden and China.

Speaking today at a seminar held by Sara Hotels, a Swedish service company, Hellstrom said that economic relations between the two countries have developed rapidly in recent years.

Economic cooperation and trade has involved many fields, including the service trade, transportation, and computer technology. Swedish companies and banks have opened about 20 representative offices in China.

"Our trade, highly diversified, offers a broad and stable basis for the future. Sweden is suited to share its know-how, technical and scientific experience with China," he added.

The Swedish minister arrived here last Monday at the invitation of the Chinese Ministry of Foreign Economic Relations and Trade. He left here today for Xian to attend the inaugural ceremony of the Golden Flower Hotel, managed by Sara Hotels.

At the seminar this morning, Swedish experts on the service industry briefed their Chinese colleagues on their experience in service management.

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CSO: 4020/157

22 January 1986

FOREIGN TRADE AND INVESTMENT

OPEN DOOR BENEFITS FUJIAN'S MOUNTAINOUS AREAS

Beijing RENMIN RIBAO (OVERSEAS EDITION) in Chinese 15 Nov 85 p 1

[Article by Lin Junqing [2651 0193 0615]: "Fujian Opens Door to Foreign Capital To Develop Mountainous Areas; Longyan, Sanming and Jianyang Speed Up Pace of Economic and Technical Cooperation with Foreign Countries and Establish More Than 60 Joint Enterprises and Begin Over 70 Projects"]

[Text] XINHUA dispatch from Fuzhou, 14 Nov: This reporter recently learned from the Provincial Foreign Trade Commission that the open door policy in Fujian Province has spread from the coast to its mountainous areas. Economic and technical cooperation with foreign countries in the three prefectures and cities of Longyan, Sanming and Jianyang is being accelerated.

In the past 2 years, nearly 70 percent of the counties and cities of these three prefectures have been attracting foreign capital, and have established 66 joint capital or cooperative ventures. More than 70 projects involving the introduction of advanced technology and equipment and the reform of old enterprises have been undertaken.

There are 48 counties and cities in the mountainous area of Fujian Province, a region whose population is 47 percent of the entire province, while its area is 77 percent. With an abundance of natural resources, the area is the main lumber producing region of South China. It has great mineral resources such as coal, iron, molybdenum, manganese and tungsten, as well as hydroelectric power. However, the area's industrial base has been a poor one for a long time. Its equipment is old, technology backward, and economic returns low.

With the establishment of the Xiamen SEZ, of Fuzhou as an open city and the coastal and other economic development zones, the various counties and cities of the mountainous area have begun to place an emphasis on attracting foreign capital, technology and equipment in order to accelerate the area's economic development.

The development and utilization of local mining and forestry resources is the current focal point of the open door policy in the area. Last year Zhangping County imported a marble processing production line from abroad, which after going into production raised the industrial output value for the county by more than 60 percent.

In their implementation of the open door policy, the counties and cities of the mountainous area have focused primarily on attracting small amounts of capital and establishing small-scale enterprises. Since last year the five counties belonging to Sanming City signed contracts with foreign businessmen to create 80 joint capital or cooperative projects, the total investment value of which came to \$10 million. The average value of each project did not exceed \$600,000. Responsible persons from the Sanming City Economic Commission reported that attracting foreign capital to build small-scale enterprises does not require much investment, but brings fast returns and is suitable to the economic conditions of poor, mountainous counties, while at the same time is helpful in attracting medium and small investments from abroad.

The governor of Fujian Province, Hu Ping [5170 1627], suggested at a recent conference that in the use of foreign capital in mountainous areas to begin joint capital, cooperative and foreign capital enterprises, time limits can be appropriately lengthened, land utilization fees can be lowered, and a larger amount of products can be sold domestically.

In the implementation of the open door policy, the counties and cities of the mountainous areas have provided preferential treatment to foreign businessmen and have continued to accelerate the pace of economic and technical cooperation, from which they have received definite economic returns. Last year 21 sets of equipment and technology imported by the industrial cities of the area such as Sanming, Longyan, Shuian, Nanping and Shaowu were put into production, and are now manufacturing new products.

1221/12859

CSO: 4006/357

FOREIGN TRADE AND INVESTMENT

BRIEFS

XIAN LUXURY HOTEL--Xian, 7 Dec (XINHUA)--A recently constructed luxury hotel, the "Jinhua" (Gold Flower)--a Sino-U.S. joint venture--opened to the public here today. The U.S. Kowin Development Corporation invested about 10 million U.S. dollars in this 7-storey hotel, which contains more than 200 rooms and covers a floor space of 5,000 square meters. The construction of a second phase--a new 20-storey block containing 400 rooms is to start in 1986 and will be completed in 1987. Kowin will invest about 40 million U.S. dollars in this project. Xian, the ancient capital of 11 dynasties, is one of the most popular cities for tourism in China. It hosted some 150,000 tourists from all over the world last year, and this year has seen a 20 percent increase in the number of visitors. [Text] [Beijing XINHUA in English 1649 GMT 7 Dec 85 OW] /6662

SHANGHAI FOREIGN EXCHANGE FROM TOURISM--Shanghai, December 16 (XINHUA)--Shanghai, the largest industrial city in China, will earn foreign currency equivalent to 400 million yuan in renminbi (about 130 million U.S. dollars) from tourism this year, three times the figure for 1980. The average foreign tourist spends the equivalent of 350 yuan in foreign currency buying Chinese goods, said an official of the city's tourism department. About 570,000 tourists from abroad and Hong Kong and Macao flooded into Shanghai in the first 11 months of this year, almost double the 1980 figure. Among them half a million were foreigners. During the Sixth Five-Year Plan period (1981-1985), 2.32 million foreign tourists visited Shanghai, increasing about 14 percent annually, the official said. During the period, Shanghai has attracted foreign currency equivalent to 1.25 billion yuan. In the same period about 6,000 taxis and more than 40,000 beds were added, and 20 tourist hotels were constructed. Another 20,000 hotel beds will be added within the next three to five years, he said. [Text] [Beijing XINHUA in English 1634 GMT 16 Dec 85 OW] /6662

SHANGHAI WORLD-STANDARD PRODUCTS--Shanghai, 13 Dec (XINHUA)--The quality of 33 of Shanghai's industrial products this year has reached advanced world standards of the early 1980s, a city official said today. One hundred and thirty-three have been reported to obtain the late 1970s standards. The quality of 31 products has been approved by a number of international organizations, including the ship registers of Federal Germany, Japan, Norway, and the United States. The rest had received approval from the Shanghai

Bureau of Standardization and Metrology. They are all popular and reputable products made through sophisticated techniques. Included are "Huili" brand tubeless car tires, rolled steel for mini-bearings, 21,000-ton bulk freighters, and marine diesel engines. Last year, city authorities launched a 4-year drive to bring 500 major industrial products up to advanced world levels, the official said. Shanghai has improved 337 products since last year with an output value of 5.6 billion yuan a year--7 percent of the city's total.

[Text] [Beijing XINHUA in English 1206 GMT 13 Dec 85 OW] /6662

QUALITY STANDARDS FOR FOREIGN FIRMS--Beijing, January 2 (XINHUA)--China is to recommend quality standards to foreign businesses wishing to manufacture Chinese handicrafts and other traditional products, said an official of the Ministry of Light Industry. These products include porcelain, carpets, Chinese musical instruments and what is called in China the four treasures of study (writing brush, ink stick, ink slab and xuan paper), said a ministry official. The official also said that Chinese standards for the production of photographic halogen light had been adopted unanimously by representatives from 23 countries at an international standards meeting held in Canada. Meanwhile, the ministry is actively promoting the application of existing international standards to domestic production. About 30 percent of its products now meet these standards. [Text] [Beijing XINHUA in English 0842 GMT 2 Jan 86 OW] /6662

GROWTH OF PRC EXPORTS--Beijing, December 27 (XINHUA)--China is exporting more farm and sideline produce and their processed products this year than last, according to the PEOPLE'S DAILY today. The 1984 exports of such goods were valued at 24.4 billion yuan, 2.5 times the 1978 figure. The paper also says that Chinese-made household appliances have entered the international market. The country has earned 400 million U.S. dollars by exporting such products since 1981, the first year of the Sixth Five-Year Plan period. A traditional exporter of electric fans, lamps, cookers and flatirons, it now exports refrigerators and washing machines in small quantities, the paper says. [Text] [Beijing XINHUA in English 0735 GMT 27 Dec 85 OW] /6662

SHANDONG EXPORT SUCCESSES--Qiangdao, 1 Jan (XINHUA)--Shandong Province, a major export base of China, reported an export earning of 2.65 billion U.S. dollars in 1985, 15 percent more than in 1984. A provincial official noted here today that the coastal province in the eastern part of China exports to more than 130 countries and regions. The goods exported include agricultural and rural sidelines products, light industrial goods and textiles, he said. [Text] [Beijing XINHUA in English 0853 GMT 1 Jan 86 OW] /6662

HUNGARIAN-PRC TRADE AGREEMENT--Beijing, 16 Dec (MTI)--The 1986 Hungarian-Chinese trade and payments protocol was signed in Beijing, Monday by Janos Ambrus, Hungarian deputy minister of foreign trade, and Chen Jie, [words indistinct] relations. A further increase in bilateral turnover is envisaged in the document. Hungarian exports to China are mainly vehicles and vehicle units, machines, installations, instruments, rolled goods, and chemical fertilizers. Imports include textiles, clothing articles, manufactured [word indistinct] food products, agricultural [words indistinct] raw materials and an increasing quantity of electronics products. The signing ceremony was attended by Zheng Tuobin, Chinese minister of foreign trade and foreign economic relations. [Text] [Budapest MTI in English 1726 GMT 16 Dec 85] /9599

22 January 1986

JOINT VENTURE 'REMARK' EXPLAINED--Beijing, Dec 3, (KYODO)--Meeting newsmen later, Sakurachi said that State Councillor Gu Mu had told the delegation Monday that the period of joint ventures with foreign interests could be extended indefinitely, although it is generally 30 years. The remark of Gu, who is in charge of China's economic policy, is taken here as an indication that China is taking a positive attitude to the demand by foreign businesses that the time limit of 30 years, as prescribed by the implementation rules of a law governing joint ventures with foreign firms, be abolished. In October last year, Gu ruled out the idea of going so far as to revise the law to abolish the time limit. At the time, he noted that the current law permits extension of the period after the lapse of 30 years. Japanese sources here said that it is not certain whether Gu's remark Monday suggested the possibility of a law revision. [Text] [Tokyo KYODO in English 1232 GMT 3 Dec 85] /9599

TIANJIN PORT EXPORT QUOTAS--Tianjin, 14 Dec (XINHUA)--Tianjin Port, a major international trading port of China's had by yesterday outstripped its 1985 export quota of 1.035 billion U.S. dollars, said the port administration today. The port handles exports from north and northwest China. [Text] [Beijing XINHUA in English 1609 GMT 14 Dec 85 OW] /9599

CSO: 4020/153

SPECIAL ECONOMIC ZONES

XIAMEN GVIO, NATIONAL INCOME TO DOUBLE LAST YEAR'S

Beijing RENMIN RIBAO (OVERSEAS EDITION) in Chinese 17 Nov 85 p 3

[Article by Shi Zhengyao [2457 1513 1031]: "Rapid Economic Development in Xiamen Since Creation of SEZ Five Years Ago; GVIO and Share of National Income To Increase by 2.2 Times"]

[Text] Deputy Mayor Wang Jinshui [3769 6855 3055] told us recently that, "In the 5 years since the establishment of the Xiamen SEZ, Xiamen's economy has developed faster than ever before." Wang is deputy mayor of Xiamen City.

According to the deputy mayor, this year, the GVIO of Xiamen SEZ may reach 2.5 billion yuan, and its share of the national income may reach 1.42 billion yuan. Both figures are 2.2 times greater than those of 1980.

In October of 1980, the State Council decided to designate 2.5 square kilometers in Xiamen's Huli Industrial District as a special economic zone. In March 1984 the CPC Central Committee decided to expand the scope of the SEZ to include the entire island of Xiamen for a total area of 131 square kilometers. This June in its instructions "Concerning the XIAMEN SEZ Program," the State Council confirmed its plans to construct Xiamen into an overall, outward-facing-type special economic zone in which industry would be primary, followed by tourism, commerce and real estate.

Deputy Mayor Wang Jinshui said that now that the Xamen SEZ's orientation has been set, the speed of construction should further accelerate. When conditions are ripe, certain freeport policies will be implemented to open the zone's door to the outside even wider.

Since the creation of the SEZ, more than 600 million yuan have been invested to improve basic facilities. The Huli Industrial District and the first stage of construction of the Dongdu New Harbor have been basically completed, as has the construction of the Xiamen International Airport. A computerized telephone system has also been imported from abroad. Deputy Mayor Wang said that the completion of these projects has improved the Xiamen SEZ's atmosphere for investment, and has created conditions necessary for the importation of foreign capital.

According to statistics, from the granting of approval for the establishment of the SEZ until this September, Xiamen has already signed 272 contracts setting

up joint capital and cooperative ventures as well as foreign-owned ventures within the zone with a total investment worth of \$1.1 billion. Of these projects, 83 have already been constructed and put into production or opened for business. The total investment value of these projects was more than \$210 million.

Major products have been televisions, computers, telephones, fiberglass boats, construction materials, etc.

At present 45 economic organizations from America, England, the Federal Republic of Germany, Japan, Singapore, Hong Kong and Macao have established representative offices in Xiamen. Singapore's Dahua Bank and Hong Kong's Jiyou Bank have already granted approval to set up branch offices in Xiamen.

Deputy Mayor Wang said that after the importing of new technologies, the reform of Xiamen's more than 80 old enterprises is an important task. Varying degrees of reform have been carried out over the last few years and have led good economic returns.

Deputy Mayor Wang also said that according to the construction plan which emphasizes industry, over 60 percent of projects involving foreign capital will be in industry from now on. Projects must also be carefully chosen so that they will encourage the development of export commodities. The main purpose of the construction of basic facilities is to develop energy and transportation, to expand the harbor, airport and communications, etc. The cultivation of talent and personnel is also stressed in the Xiamen SEZ. Nearly 2,000 middle- and high-level technicians have been employed from across the country, while 27 well-known experts and scholars from home and abroad have been employed as consultants.

12221/12859
CSO: 4006/357

SPECIAL ECONOMIC ZONES

ELECTRONICS GROUP SET UP IN SHENZHEN ZONE

OW011452 Beijing XINHUA in English 1429 GMT 1 Jan 86

[Text] Shenzhen, January 1 (XINHUA)--An electronics group with more than 100 local enterprises was set up today in the Shenzhen Special Economic Zone in Guangdong Province. It will start business January 6.

Most of these enterprises are affiliated to the Ministry of Electronics Industry and Shenzhen City, said group general manager Ma Fuyuan.

The group will help its members expand exports, open new markets, and set up networks of information, marketing and services abroad, Ma said.

The group is authorized by the Shenzhen City Government to plan the development of the electronics industry and formulate policies and technical norms.

The electronics industry in Shenzhen is now comprised of 160 factories, as against one small radio factory 5 years ago. Its output value jumped from eight million yuan to 1,040 million yuan between 1980 and 1984 accounting for 57 percent of the city's total industrial output value.

Ma Fuyuan said that the group will set up centers of technology and new product development, standardization, and quality control as well as training centers.

Group members include Chinese-foreign joint ventures and cooperative enterprises. They manufacture computers, communications facilities, appliances, meters, and instruments and other products.

The group also plans to explore the possibility of establishing trans-national corporations and issue bonds and stocks, he added.

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CSO: 4020/156

LABOR AND WAGES

FAMILY WORKSHOPS ABSORB SURPLUS RURAL LABOR

OW191006 Beijing XINHUA in English 0906 GMT 19 Dec 85

[Text] Hangzhou, December 19 (by XINHUA correspondents Liu Xingze and Wang Yanbin)--Once suppressed as a "hotbed of capitalism," family businesses are now encouraged as one way to divert China's surplus rural labor force.

The number of such businesses has snowballed to 133,000 in Wenzhou City in South Zhejiang Province in the past five years, said Vice-Mayor He Rongfei. These employ 400,000 people in the nine counties under the city's jurisdiction.

Another 100,000 peasants not needed on the land act as full-time sales and purchasing agents. Service trades also employ 100,000 people, he added.

Farmland averages more than 30 people to one hectare in the counties, but one farmer can at least work half a hectare.

The overcrowded city center can receive no more emigrants from the countryside, he said.

With an area of 11.3 square kilometers, it has a population of 353,800, averaging 31,700 people per square kilometer, compared to 28,500 per square kilometer in Hong Kong.

Because farmland is limited, he said, Wenzhou peasants by tradition like to make a living by engaging in small businesses.

Before 1976, however, they were discouraged. The prevalent logic then was that small production was dangerous, liable to give rise to capitalism which China must try to stop.

But now family businesses are seen as a useful supplement to the socialist economy, he said.

In Wenzhou, family workshops turn out more than 10,000 kinds of goods, mostly daily necessities and simple electrical gadgets.

These are sold mainly to remote, outlying places, which are often beyond the reach of the government supply networks.

With help from the city government, some 130 open markets have been established. Ten of them now have an annual volume of business exceeding one billion yuan.

Local governments are also busy building new post offices and expanding existing ones in this mountainous area, as some family workshops, which produce in relatively small quantities, send most of their products to customers by mail.

Over the past five years, altogether 160 million yuan of government money has been spent for that purpose.

Thanks to the development of family businesses, the vice-mayor said, the per capita income for the rural population increased to 427 yuan in 1984 from about 50 yuan before 1978.

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CSO: 4020/140

TRANSPORTATION

PUNISHING ILLEGAL ACTS OF PROFITEERING

OW200920 Beijing XINHUA Domestic Service in Chinese 1516 GMT 19 Dec 85

[By reporter Zhang Jinsheng]

[Text] Beijing, 19 Dec (XINHUA)--In order to continue to intensify the current activities of punishing illegal acts of profiteering through resale of train and steamer tickets, the Ministries of Railways and Communications will work in conjunction with public security departments. They have further mapped out plans for such work, calling for concentrated efforts to punish ticket peddlers during the New Year and Spring Festival period and bring about a marked turn for the better in order at railway stations and passenger wharves throughout the country.

At an all-railway telephone conference convened today, the Ministry of Railways proposed: All railway bureaus should regard the work of punishing ticket peddlers as an important task in consolidating railway security and order and in strengthening the railway workstyle, and should persist in constantly and repeatedly grasping the task. Especially during the busy Spring Festival transport period, all railway bureaus should carry out activities of punishing ticket peddlers with concentrated efforts. Illegal elements who were arrested for profiteering through resale of tickets should be firmly investigated and punished according to law. The conference also called on all railway bureaus to strengthen their passenger tickets management and stop gaps in such work.

The meeting on consolidating seaports held recently by the Ministry of Communications in connection with the Ministry of Public Security proposed: It is necessary to organize forces in this winter and next spring to carry out consolidation of security and order at passenger wharves and at sites where tickets are sold; to roundly stop the unhealthy tendencies of profiteering through resale of steamer tickets; and to strengthen the regular management work, thereby practically maintaining order in these places. With regard to illegal elements who engaged in profiteering through resale of steamer tickets, it is necessary to handle them individually one after another as they are discovered, take photos of them, and place the photos on file. At the same time, notification should be sent to their units and localities. Those illegal elements who formed groups, colluded inside and outside their units and localities, or made a career of repeatedly profiteering through resale of steamer tickets should be arrested and brought to account. Those who repeatedly engaged in profiteering through resale of steamer tickets and never corrected themselves despite repeated punishments should be detained and investigated. Necessary punishments should be imposed on those who occasionally engaged in profiteering through resale of steamer tickets.

TRANSPORTATION

PLA CUTS DOWN TRANSPORT EXPENSES IN NORTH CHINA

OW200827 Beijing XINHUA Domestic Service in Chinese 0236 GMT 20 Dec 85

[By reporter Ye Xulin and correspondent Wu Zhimin]

[Text] Beijing, 20 Dec, (XINHUA)--On the basis of saving military transportation expenses of 3.1 million yuan and dispatching 6,298 train cars less than planned last year, the PLA military representative's office in the Beijing Railway Bureau has saved more than 3.22 million yuan in military transportation expenses and dispatched 4,788 train cars less than planned from January to November this year. The Military Communications Department of the PLA General Logistics Department recently issued a circular on the experiences of the military representative's office in lightening the burden on the state through careful calculation and strict budgeting.

This military representative's office, which is responsible for military transportation, has personnel stationed in 6 railway subbureaus and 14 railway stations in north China. The military representative's office party committee has performed its duties in strictly "examining and settling accounts of military transportation expenses and guiding PLA units in properly using such expenses." It has often educated office personnel to foster the idea of being master of the country and contribute to saving money for the state in the situation in which there is a strain on rail transport across the country. Regarding the paring of transportation expenses as the order of the day, the party committees of the military representative's office and its branches in six railway subbureaus have taken measures and set requirements for monthly, systematic inspection, comparison, and assessment. They have held several meetings to exchange experiences in cutting down military transportation expenses and the reward and commend advanced units and individuals. As a result, their drive to cut down military transportation expenses has persisted.

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CSO: 4006/473

TRANSPORTATION

MINISTRY CALLS FOR SAFE PASSENGER TRANSPORT

OW221958 Beijing XINHUA Domestic Service in Chinese 1340 GMT 21 Dec 85

[Text] Beijing, 21 Dec (XINHUA)--The Telecommunications Ministry issued a circular today calling on all highway transport departments and coastal and inland river port shipping units to take effective measures to improve order at the stations and harbors, strengthen ticket sales, raise the quality of vehicles and vessels, extend the schedules for spring season transport, and strive to do a good job in handling passenger transport during the 1986 Spring Festival.

The circular said: Passenger safety should come first when handling passenger transport during the 1986 Spring Festival. While it is necessary to fulfill the transport task in terms of both time and quantity, it is by no means permissible to load more than regulations permit or navigate when conditions are dangerous. For this reason, transport departments in all localities are directed to effectively strengthen their leadership over Spring Festival passenger transport work and make good preparations in all fields. Leading comrades should carry out supervision and inspection at stations, docks, and onboard vessels; conduct serious investigation and study with regard to the flow of passengers in their localities; and formulate plans and arrange transportation accordingly. Shipping departments should tap transport potentials and step up repair to make sure adequate number of vessels will be available to handle Spring Festival transport work. Harbors should take the initiative to coordinate and carefully arrange for berthing spaces to insure that the passenger ships can berth on schedule. Highway transport departments should increase bus runs and plan for quick repairs. Safety measures should consider the characteristics of the spring transport period--increased passenger flow and cold weather--to make sure the passengers will be safe and well.

The circular also called on all localities to continue to improve order at the stations and docks and on board vessels, strengthen control over ticket sales, and take strong measures against such irregularities as illegally buying up and reselling bus and boat tickets. Harbors and stations expecting a high rate of passenger flow should increase ticket windows and extend ticket selling hours. Measures should be taken to improve the accommodations for passengers waiting for their busses or boats. Food supply at the stations and shipboard meal service management should be strengthened and food quality improved to insure passengers' meals are served in time.

The circular noted: In view of the marked growth in the rate of passenger flow in recent years, the 1986 spring transport period will be extended to 50 days. In other words, it will start on 20 January and end on 10 March, 10 days longer than usual. During the spring transport period, for those shipping lines that usually have a high rate of passenger flow, the shipping units should make careful transport arrangements as usual to disperse the passengers in time in order to avoid congestion and delay.

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TRANSPORTATION

CHANG JIANG WATER TRANSPORTATION DEVELOPED

OW211041 Beijing XINHUA Domestic Service in Chinese 0106 GMT 21 Dec 85

[By correspondent Liu Xiaoning and reporter Li Xingmin]

[Excerpts] Nanchang, 21 Dec (XINHUA)--The river system of the Chang Jiang consists of some 3,600 streams. According to information released by departments concerned recently, navigation of this river system has become "lively" and entered a new stage of development. Initial improvement work has been done on dangerous shoals, reefs, and narrow waterways on some of the rivers. Now there are 90 principal navigable rivers, while docks for joint land and water transportation with a relatively high degree of mechanization have been built at a number of major ports. In Nantong Zhangjiagang, Zhenjiang, and Nanjing, deep-water berths have been built to make joint river and sea transportation available in these localities. Statistics show that during the last 3 years the total freight volume transported by this river system increased by an average 10 percent annually. The freight volume this year is expected to reach some 260 million metric tons, accounting for approximately more than four-fifths of the total volume of goods transported by inland rivers in the country.

As water transportation in the Chang Jiang and its tributaries is entering the new vigorous stage, the following three breakthroughs have appeared:

1. Many provinces and cities in the Chang Jiang Valley have changed the idea of "attaching importance to land transportation rather than water transportation" and have begun to make vigorous efforts to develop river navigation. Yunnan, Guizhou, and Sichuan provinces have abundant material resources, but the railroad transportation which brings goods into and out of these three southwestern provinces has nearly reached the saturation point. In recent years they have made active efforts to form freight fleets and taken advantage of the numerous Chang Jiang tributaries in their provinces to develop water transportation as a way to ship out their supplies.

2. "Rivers are open for navigation by all, and ports are open for use by all." This practice has changed the previous state of affairs where navigation in the river system of the Chang Jiang was operated solely by one unit. Now all provinces and cities and all navigational departments actively support local fleets and transportation units, both collective and private, to develop water

transportation. All ports and docks now serve the ships operated by various units instead of serving only the needs of the Chang Jiang Transport Administration as in the past. This has resulted in the vigorous development of water transportation services of all kinds and operated by all levels, including those operated by the state, collectives, and individuals.

3. The previous Chang Jiang transportation system characterized by barriers between departments and regions have been changed. Now shipping enterprises in various localities are developing on an extensive scale through-transportation services involving different regions with the result that through-transportation fleets are busy plying the Chang Jiang and its tributaries. This has boosted the transportation capacity of this river system and accelerated the exchange of supplies.

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TRANSPORTATION

SHAANXI IMPLEMENTS ROAD TRANSPORT PROCEDURES

HK201412 Xian Shaanxi Provincial Service in Mandarin 2300 GMT 19 Dec 85

[Text] In view of the province's current chaotic situation in road transport, the provincial economic committee and the provincial communications department recently formulated and promulgated Shaanxi's procedures for the implementation and administration of road transport.

The procedures stipulate that any enterprise or individual who runs a passenger or cargo transport business, or a loading and unloading business, must be examined and be given permission to do it by the competent communications departments at or above county level. Then, the enterprise or individual should submit his application for the issuance of a license before he starts operating.

On the transport of passengers on the highways, there should be fixed routes and assigned spots. The operating routes must undergo examination and permission must be given. The county communications bureaus are responsible for examining and approving routes at the county level. The prefectural and city communications bureaus are responsible for routes linking counties. The provincial communications department is responsible for routes linking prefectures, cities, or provinces.

From now on, anyone who engages in the transport of passengers or cargo on the highways must follow the state policy concerning freight rates. They should levy freight charges in accordance with the operating routes verified by the provincial communications department. All passenger and cargo vehicles travelling on the highways must use the centralized documents. There should be joint examination of highway transport, and checkpoints should be determined by the provincial communications department. All other units and individuals are prohibited from arbitrarily establishing checkpoints, and from levying charges and fines on highway users.

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TRANSPORTATION

GUIZHOU COMMENTARY ON ELECTRIFIED RAILROAD PROJECT

HK201338 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 17 Dec 85

[Station commentary: "A Great Achievement in Invigorating Guizhou--Hailing the Completion and Opening of the Guiyang-Shuicheng Section of the Guiyang-Kuning Electrified Railroad Project"]

[Text] After some 3 years' hard work, a key state project in the Sixth 5-Year Plan--the section from Guiyang to the west of Shuicheng on the Guiyang-Kunming electrified railroad, the first electrified railroad in our province--has been successfully completed and opened to traffic. This is an important achievement in economic construction in the whole country and is also a good start in the building of electrified railroads in our province. We give our lofty respect to the cadres, engineers, technicians, and railroad construction workers and extend fervent greetings to the completion and opening of this electrified railroad.

The Guiyang-Kunming railroad is an important thoroughfare along which the coal in Liupanshui Prefecture of our province and the phosphorous ore in Yunnan Province will be transported. After the whole line has been electrified, its annual transport capacity will increase from the original 8 million tons to 17.5 million tons, an increase of some 100 percent. This will surely play an important part in speeding up construction in the southwest region, exploiting the abundant mineral resources in Yunnan and Guizhou Provinces, consolidating border defense in the southwest, and developing the national economy.

With a sense of glory, responsibility, and urgency in building a key state project and with the spirit of struggling arduously, the railroad builders who took part in building the Guiyang-Kunming electrified railroad, stood the test of hardship in the bad climatic conditions of the Yunnan and Guizhou plateaus, high mountains, and narrow valleys, overcame many difficulties in the course of construction, and ensured that they coordinated with each other and carefully carried out the design and construction work. They fulfilled the state quota ahead of schedule and completed the section and opened it to traffic according to the schedule. This fully embodied our railroad builders' spirit of being bold in working hard, making sacrifices, opening up a new path, and bringing forth a new idea.

We hope that all railroad builders will continue to maintain and carry forward this spirit of struggling arduously and contributing more and make still greater contributions toward the building of the two railroads--the Hunan-Guizhou and Sichuan-Guizhou railroads--within our province and toward the building of railroads in our motherland.

TRANSPORTATION

BRIEFS

XINJIANG ROAD, RAIL TRANSPORT--Xinjiang overfulfilled the Sixth 5-Year Plan targets for road and rail transport. The region now has 8.800 kilometers of black-top roads. All the 14 prefectures and cities, except for Hami, are linked by asphalt roads. All 85 county seats have black-top roads. Fifty-six percent of the roads in the region are good roads now, compared with 23 percent in 1980, thus reaching the national average figure. By the end of this year, total road freight traffic will exceed 4 million tons, a rise of 63.97 percent over 1980. Improvements were carried out on the Lanzhou-Xinjiang railroad, and double-tracking was instituted at all stations on the line. The universal use of diesel locomotives has improved haulage power and speed. [Summary] [Urumqi Xinjiang Regional Service in Mandarin 1315 GMT 21 Dec 85 HK] /8918

YUN 12-2 PLANE--After being technically inspected, the Yun 12-2 airplane which is made by the Harbin Airplane Manufacturing Company, received the state airplane inspection certificate for qualification today. The Yun 12-2 airplane is a new plane produced by the Harbin Airplane Manufacturing Company. The technological designs of the airplane meet the standards required by general international aviation regulations. At present, this airplane manufacturing company has the capacity of producing two airplanes of this type a month. Not long ago more than 50 airplane experts from various localities throughout the country strictly inspected every part of this airplane and discovered that all its technical norms met the required standards. The Yun 12-2 airplane may be used for many purposes. It may be used as a short-distance passenger or freight airliner, for ocean monitoring, geological prospecting, protecting forests and preventing forest fires, farming operations and other specialized purposes. The experts from the relevant departments held that the successful manufacturing of the Yun 12-2 airplane will enable the technical level of our country's airplane manufacturing circles to improve greatly, to meet international standards, create conditions for helping Chinese-made airplanes find international markets, and reduce airplane imports. [Text] [Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 24 Dec 85 SK] /8918

TRIAL FLIGHT OF PRC PLANE--Beijing, 25 Dec (ZHONGGUO XINWEN SHE)--An official of China's Ministry of Aeronautics Industry said that the recent trial flight of another type of plane for special use, the "Petrel" plane, was successful. The "Petrel" plane has been developed and built by the Nanchang Plane Manufacturing Company. The plane's weights 1,172 kilograms and its maximum speed

in horizontal flight is nearly 300 kilometers per hour. It can fly at a minimum altitude of 1 meter. The "Petrel" have three different models to serve different purposes. Model A is a multipurpose plane; Model B is for agricultural use and can carry 1,000 liters of pesticide; and Model C is for making observations, such as patrolling, testing, geological prospecting, putting out forest fires, and so on. [Text] [Beijing ZHONGGUO XINWEN SHE in Chinese 1402 GMT 25 Dec 85 HK] /8918

GANSU RAILROAD TRANSPORT--Gansu's railroad transport developed rapidly during the Sixth 5-Year Plan, highlighted by the electrification of the Tianshui-Lanzhou railroad. The haulage power of the electric locomotives on this line is 3,250 tons, compared with 2,600 tons for the locomotives in previous use. Freight transport on the Lanzhou Railroad Bureau during the period of the plan rose by an average of 2.81 million tons a year, while 66.4 million passengers were carried. [Summary] [Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 22 Dec 85 HK] /8918

PREPARATIONS FOR QINZHOU-BEIHAI RAILROAD--Nanning, 26 Dec (ZHONGGUO XINWEN SHE)--Guangxi is making preparations to build the Qinzhou-Beihai railway. An official of Beihai City has disclosed that the feasibility study for building this railway was completed by the Second Design Institute of the Ministry of Railways. The design for the railway has started and construction work is expected to start in Spetember next year. Beihai City is one of the 14 coastal cities which China has opened to the outside world. Construction of basic facilities for the city's economic development zone, such as an airport, wharfs for 10,000-ton ships, and a microwave telecommunications system, is being carried out in an all-round manner and these facilities will be put into operation next year. After the construction of two deep-water wharfs is completed, it will be impossible to transport goods by trucks alone and the construction of the Qinzhou-Beihai railway will be indispensable. It is planned that the construction of the railway will require an investment of 175 million yuan and will be completed in 3 years. By 1988, the entire line will be open for transportation. [Text] [Beijing ZHONGGUO XINWEN SHE in Chinese 0214 GMT 26 Dec 85 HK] /8918

HIGHWAY CONTAINERIZATION--China has rapidly containerized its highway transportation in recent years. From January to November this year, China's highway transportation departments handled 190,000 containers for foreign firms and 1.83 million containers for domestic units under contracts. [Excerpts] [Beijing Domestic Service in Mandarin 1200 GMT 21 Dec 85 OW] /8918

KUNMING RAILROAD BUREAU ABOLISHED--In order to make railroad transport more efficient, with the approval of the State Council, the Ministry of Railways decided on 3 December that the Kunming Railroad Bureau is to be abolished and amalgamated with Chengdu Railroad Bureau on 1 January. The trade union and CYL Committee of the Kunming Railroad Bureau will also be abolished. Kunming Railroad Subbureau is to be established after the bureau's abolition. [Text] [Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 23 Dec 85 HK] /8918

INVIGORATING COMMUNICATIONS, TRANSPORT--At the provincial communications work conference, which ended today, provincial Vice Governor Guo Zhenqian pointed out that from 1986 on, the province will open motor transport stations at and above the county level and wharves able to accept tonnage above 100,000 to serve various types of transportations undertakings and promote the modernization of communications and transportation and the rational development of various means of transportation. Guo Shenqian said that since the beginning of this year, the province has developed communications and transportation in a multitiered way and through various channels, resulting in an excellent situation of competition between units and main and branch lines reaching the same destination. Guo Zhenqian said that during the Seventh 5-Year Plan period, the province should concentrate on using funds to modify main highway lines between Huangshi, Wuhan, and Shashi cities and to link them. As for problems in general main lines and district-run and township-run highways, it is necessary to use such methods as raising funds from local masses and people running the highways with subsidies from the state to properly solve these problems. [Excerpts] [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 18 Dec 85 HK] /8918

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